

## Texas House Names Members for TRS-Care Interim Study

Tim Lee, *Inside Line*, 10-17-15

The TRS-Care Interim committee (3 members from the House and 3 from the Senate) will examine the financial soundness of TRS-Care, assess the plan's cost and affordability, and evaluate the sufficiency of access to physicians and health care providers. Each of these members has developed a strong relationship with the Texas school employee retirees in their districts. Here are the three House members:

**Representative Dan Flynn** (R-Van) is well-known by many of our TRTA members, as he is presently serving as the Texas House Pensions Committee Chairman. He also attended the TRTA state Convention last April and provided considerable insight into the 84th Texas Legislative Session. It was there at a luncheon meeting that CCART delegates heard his declaration that "Government is run by the people who show up... and TRTA members had done just that." His final remark: "TRS is one of the most actuarially sound systems in the world."

**Representative Trent Ashby** (R-Lufkin) is currently serving as the House Appropriations Subcommittee Chairman on Education and was instrumental in helping TRS-Care receive the \$768 million to protect TRS retirees' health care premiums this last session. Representative Ashby spoke at the TRTA Convention in April, Our CCART delegates will remember Rep. Ashby's reminder of the "heavy lift" of appropriation legislation and encouraged retirees to contact as many of the legislators as possible to get our legislation passed.

**Representative Justin Rodriguez** (D-San Antonio) is a member of the Texas House Pensions Committee and has a great working relationship with the TRTA local units in his district. As a member of the House Pensions Committee, Representative

Rodriguez has met numerous times with TRTA to discuss pension and health care issues. On October 1<sup>st</sup> in Austin at the annual Symposium of the Texans for Secure Retirement Rep. Rodriguez said "I appreciate the men and women who have dedicated their lives to public service. Whether they are teachers, police or firefighters, or secretaries, we need to keep our promise to our state's retirees..."

Lt. Gov. Dan Patrick has not yet named Senators for the interim committee but Finance Chair Jane Nelson and State Affairs Chair Joan Huffman are possible choices.

## Austin Town Hall Meeting Discusses Future of TRS-Care

based on Tim Lee, *Inside Line*, 10-23-15

The TRS hosted a Town Hall Meeting on October 22 to discuss the health care programs administered by the agency, including the TRS-Care retiree insurance program. This meeting was just the first step in finding solutions to the program's funding instability. Though we won one battle in securing additional funding for TRS-Care in 2015, the war is far from over!

**TRS-Care's projected 2018 funding shortfall is more than \$700 million. This figure will grow to an astounding \$1.7 billion by FY 2019 if nothing is done to protect the program and its participants!**

The interim between now and the 2017 Texas Legislative Session will have a huge impact on proposed program solutions... Now is the time for our members to get involved and be as vocal as possible!

**YOUR VOICE MATTERS.** In fact, your voice matters more than any other voice in this process!

**The decisions that are made between now and 85th Texas Legislature will affect your benefits, premiums and financial security.**

Meeting attendees were able to listen to various panels about the health care environment, strategies for cost containment and consumerism, as well as panels dedicated specifically to TRS-Care and TRS-ActiveCare. During the panel "What is Driving Health Cost Growth..." presenter Len M. Nichols, Ph.D. of George Mason University discussed... factors that continue to impact health care costs. Nichols said that the fraction of family income designated for health care premiums has risen from

10 percent to 17.5 percent since the 1990s and continues to rise.... He also reported that, in general, deductibles have risen 67% and premiums 24%, while workers' incomes have increased by only 10% since 2010. During a panel discussion on **strategies for cost containment in health care** there were speakers from Aetna, United Health Care, Blue Cross Blue Shield, Express Scripts, and Caremark.

As of this fall, projected shortfalls to the program are as follows: FY 2018 - \$738 million, FY 2019 - \$1.7 billion and FY 2020 - \$2.9 billion. The TRS Town Hall meeting and Texas Legislature's interim health care committee are charged with finding a solution to either prevent or reduce these shortfalls.

During the panel discussion on TRS-Care, discussion centered on the program's structure, financial status, past recommendations for sustainability, and current strategies for cost containment... Panelists revealed that the following were Revenue sources for TRS-Care for 2015:

**Active employee contributions: 9.6%**

**District contributions: 8.6%**

**Retiree contributions: 18.6%**

**State contributions: 14.8%**

**Federal contributions: 9.8%**

(Supplemental contributions from the state:

38.4% (this is the \$768 million approved by the Texas Legislature in House Bill 2)

## **TRS-Care Cost Drivers**

Increases in medical and RX costs, increased utilization due to an aging population and the development of new biogenetic drugs are the primary cost drivers for not only for TRS-Care, but also health insurance programs across the nation.

**Particularly for TRS-Care, the increase in usage by non-Medicare eligible retirees is a concern. Medicare eligible participants have the majority of their insurance costs covered by Medicare, with TRS-Care as their secondary payer. For non-Medicare participants, TRS-Care is the primary payer.**

## **Cost Containment Efforts**

The introduction of Medicare Advantage has enabled TRS-Care to achieve cost savings. Through August 2015, Medicare Advantage and Medicare Part D have saved TRS-Care \$400 million. The Medicare Part D plan alone will help TRS-Care save \$157 million between now and the end of FY 2017. Cost containment efforts will continue to be reviewed by the interim committee.

## **Tom Rogers and Tim Lee provide important input to Austin Conclave**

*Tim Lee, Inside Line, 10-23-15*

On October 22<sup>nd</sup> **Tom Rogers**, an Austin RTA member and longtime supporter of retired school employees, provided powerful, factual and thought-provoking testimony with specific recommendations to make health care affordable and accessible for TRS retirees.

Rogers encouraged TRS trustees to work the Texas Legislature Interim TRS-Care Study Committee to provide retirees with a program that has "financial soundness, affordability, sufficiency of access to physicians and health care providers and sustainability of the plan."

**Rogers emphasized that the best solution considered in the TRS-Care Sustainability Study is pre-funding, saying that "in general pre-funding facilities economic planning and efficiency in operation" and "takes the guess work out of budgeting."** Although this option would "require a boom period in the state's history to get it started,"

Rogers says the state currently has the financial resources available to accomplish pre-funding and secure the long-term solvency of TRS-Care now. Pre-funding TRS-Care would help not only retirees, but also help the education profession attract career-minded teachers to the state. Pre-retirees should also be concerned about the longevity of TRS-Care, as many will utilize TRS-Care as their primary or secondary health insurance program upon retirement. TRTA Executive Director **Tim Lee** participated in a panel of association executives to provide stakeholder testimony. He was joined by representatives from the Texas Classroom Teachers Association (TCTA), Association of Texas Professional Educators (ATPE), Texas American Federation of Teachers (AFT), Texas Association of School Administrators (TASA), and Texas State Teachers Association (TSTA).

Lee spoke about how we will go into another legislative session in 2017 with many of the same problems we faced in 2015. While TRTA and its members are very grateful for the \$768 million supplemental appropriation to TRS-Care, now is the time to address long-term solutions for the plan. Something must be done differently this time in order to achieve an outcome more favorable to long-term solvency. Lee encouraged stakeholder groups, TRS and the Legislature to come together throughout the interim to work on viable solutions with a goal of

achieving quality health care with reasonable benefits at an affordable cost.

School employees and retirees are amazing planners and problem-solvers. Your participation in the legislative interim committee study is important.

**The Legislature will be seeking ideas from the people impacted by their decisions. The decisions that are made between now and the 85th Texas Legislature will affect retirees' and future retirees' benefits, premiums and financial security.**

## Big Increase in Medicare Part B Premiums Compromised downward after retired teacher protests

based on Tim Lee, *Inside Line*, 10-29-15

According to reports in October Medicare Part B premiums were projected to increase by 52% next year for retirees whose premiums are not automatically deducted from their Social Security benefit payments. BUT phone calls from TRTA members have pushed Congress towards a compromise.

The originally proposed premium increase would have affected approximately 30% of Medicare Part B recipients, **including retired educators** who are impacted by the Government Pension Offset (GPO) or the Windfall Elimination Provision (WEP) but who do not receive enough Social Security income to have their Medicare Part B premiums automatically deducted.

Also included in the proposed premium increase are retirees who receive no Social Security income due to GPO and WEP, those who will be enrolling in Medicare Part B next year for the first time and those who have higher incomes and are charged higher premiums. The other 70% of Social Security recipients with Medicare Part B are held harmless from this premium hike because there is no increase projected for Social Security this year.

**TRTA members rallied together on this issue, arguing that the premium increase was unfair and required immediate congressional intervention.**

**Congress's proposed compromise includes reducing the premium increase to 17%**

**instead of the. original 52%. In terms of dollars, most retirees affected by this increase would pay \$120 per month for Medicare Part B (with an additional \$3 per month "surcharge") instead of the proposed \$159.30 per month. This budget deal passed the House and is off to the Senate for consideration.**

TRTA still contends that no Medicare B premium increase should impact one group of retirees over another, and we are still working with our members of the Texas congressional delegation to see if more can be done to reduce the impact of this proposed increase. For now, TRTA members can feel assured that their voice is being heard, and that TRTA is working diligently to help you with this important matter.

**Tell your Representative to support H.R. 3696 (Titus, NV), a new bill: "to amend title XVIII of the Social Security Act to prevent an increase in the Medicare part B premium and deductible in 2016."**

**Tell your Senators to support S. 2148 (Wyden, OR) which is the Senate version of the House bill.**

These are new bills, and some Congressmen may not have heard about them yet.

### **If you are in CD 36**

(Hwy 3 to LaPorte/Baytown) call or email Congressman **Brian Babin** (202)225-1555 [www.babin.house.gov](http://www.babin.house.gov).

### **If you are in CD 22**

(west of Hwy 3, Webster, Pearland & Alvin) call or email Congressman **Pete Olson** (202)225-5951 [www.olson.house.gov](http://www.olson.house.gov).

### **If you are in Dist. 14**

call or email Congressman **Randy Weber** (202)225-2831 [www.weber.house.gov](http://www.weber.house.gov).

### **Your Senators:**

#### **Senator John Cornyn**

517 Hart Senate Office Building  
Washington, DC 20510  
202-224-2934 [www.cornyn.senate.gov](http://www.cornyn.senate.gov)

#### **Sen. Ted Cruz**

185 Dirksen Senate Office Building  
Washington, DC 20510 202-224-5922  
[www.cruz.senate.gov](http://www.cruz.senate.gov)

## Tim Lee's request:

We have limited time to address the issue of rising Medicare premium cost. **EVERYONE interested in trying to protect their Medicare Part B premiums needs to CALL their Congressmen and ask them to keep their premiums from skyrocketing!**

Please share this information with your friends, family and other retirees you may know in Texas or across the country. Share this information on Facebook and encourage people to pay attention to the proposed Medicare B premium increase. It is time to make phone calls and get our members and friends activated!!

### Stay in Contact Your State Legislators

**Sen. Larry Taylor** - 512-463-0111  
League City - 281-332-0003  
[larry.taylor@senate.state.tx.us](mailto:larry.taylor@senate.state.tx.us)

**Rep. Dennis Paul** - 512-463-0734  
NASA area 281-488-8900  
Dist. 129 area north of Clear Creek  
[dennis.paul@house.state.tx.us](mailto:dennis.paul@house.state.tx.us)

**Rep. Greg Bonnen** - 512-463-0729  
League City - 281-338-0924  
Dist. 24 - area south of Clear Creek  
[greg.bonnen@house.state.tx.us](mailto:greg.bonnen@house.state.tx.us)

**Rep. Ed Thompson** - 512-463-0707  
Pearland - 281-485-6565  
Dist. 29 - area of Pearland/Alvin  
[ed.thompson@house.state.tx.us](mailto:ed.thompson@house.state.tx.us)

**Rep. Wayne Faircloth** - 512-463-0502  
Texas City - TBA  
Dist. 23 - Bacliff/Texas City  
[wayne.faircloth@house.state.tx.us](mailto:wayne.faircloth@house.state.tx.us)

The following is the last third of Scott Burns' investment commentary for this week. Both he and I turned 75 this year and seemingly we both look forward to some productive next few years. However, unlike many over 75, this investment guru is apparently with comfortable health and income. But his last paragraph expresses appreciation to the many retirees who devote time and effort to family, church and institutions such as CCART and TRTA.

### Scott Burns on life beyond age 75

Borrowed from Scott Burns, *Austin Am. Statesman*, 11-8-15

...Living beyond 75 may help us appreciate the gift that dwarfs anything we could ever do, the gift of life. Obsessed with what we can do, we are blinded to the awesome wonder of creation. If stepping away from work and self are what we must do to appreciate the gift of life, the burdens of old age are worthwhile. — For many, old age is a period of joy and release, not misery. Our media-driven culture tends to emphasize the negative. That's why we see more stories about Alzheimer's, dementia and decrepitude than we see about happy retirees. In fact, surveys have routinely shown that old age is a period of freedom and happiness for many, while youth is often burdened with depression and anxiety. Yet there is no clue of this via print or electronic media.

— The same retirement and apparent lack of productivity opens the door to generativity. It clears the path to the unpriced generosity of care and attention that older people can devote to grandchildren and the children of others. It can afford a steady hand for younger, but troubled adults. When the need to earn is removed, a remarkable kindness can grow.

Some may be inclined dismiss the value of this time and attention as mere sentimentality. To them I can only say one thing: Just try to replace what older, non-working people do with paid services. You will quickly discover there is no way we could afford it, just as there is no way we can afford to replace even the most minimally functioning family with institutional care.