

Fall Election Season Critical

Tim Lee, *Inside Line*, 6-1-12

Now that the Texas primaries are behind us, many people think it is time for a break. However, TRTA members know the value of utilizing campaign season to educate candidates about our issues!

The lobby to eliminate defined benefit pension plans is growing every day. The war may seem to be occurring only in states where legislatures have inadequately funded their pension plans; but there are numerous groups here in Texas that want to see your TRS plan changed. Some of those groups, such as the Texas Public Policy Foundation and the Laura and John Arnold Foundation, are working daily to influence legislators to transition TRS from a defined benefit plan to a defined contribution plan. TRTA is opposed to any change to the TRS defined benefit plan design.

Remember, even though some may believe that these changes will only impact "future" retirees, a so-called "transition" would impact every TRS member, active or retired. While decision-makers may believe current retiree benefits are not the target, any change to TRS that reduces funding levels puts the fiscal stability of the TRS plan in jeopardy. [CCART has invited several candidates to have lunch with us on Sept. 25 and there will be a candidate forum on Oct. 9.]

Candidate Lineup for November

(more details will follow in Sept-Oct.)

State Senate District 11

Larry Taylor (larrytaylor.com) R

Jacqueline Acquistapace, (jacquelineacquistapace.com) D

State Representative District 129

John Davis (votejohndavis.com) R

State Representative District 24

Greg Bonnen (drgregbonnen.com) R

Rusty Cates (rustycates.com) D

State Representative District 23

Wayne Faircloth (votefaircloth.com) R

Craig Eiland, (craigeiland.net) D

Congressional District 14

Randy Weber, Pearland (randyweber.org) R

Nick Lampson, Beaumont (lampson.com) D

Congressional District 22

Pete Olson (olsonforcongress.com) R

Kesha Rogers (kesharogers.com) D

And the new Congressional District:

Congressional District 36

Steve Stockman (congressmanstevestockman.com) R

Max Martin (max4congress.com) D

CCART's Message to Candidates for the General Election 2012

Preserve the TRS-Care health insurance

program without increasing premiums or making drastic benefit reductions for plan participants. Provide any supplemental budget appropriations that are needed to keep this program funded and intact.

Defend the TRS Defined Benefit Pension Plan

—Attacks levied against public pension plans are growing to a fever pitch, but no other plan design can provide the same level of benefit at a lower cost to the participant or the taxpayer.

Pension Increase—TRS retirees have had no permanent increase in their pension

benefits since 2001! Over the past 12 years, the costs of goods and services have increased dramatically. The price of gasoline alone has risen 247%! Retirees need an increase in their benefits or should receive some form of supplemental payment.

Pension Funding—TRS is a well-funded,

well-managed pension trust fund. The state's contribution level was cut last session. The Texas Legislature must restore and increase funding to keep this plan strong.

Allow direct election of TRS Trustees—TRTA is

calling on the Legislature and Governor to pass legislation that allows for member trustees on the TRS Board to be elected directly by their constituent representatives.

While there are elections for these positions today, the Governor still has final choice of the top three vote-getters in a member election. Why should the Governor have final appointment of members to the TRS Board who are duly elected by their member representatives?

These are the top five legislative priorities identified by TRTA members. TRTA works on MANY other issues during the legislative session. TRTA is an expert on pension policy and our members are very involved in the legislative and political process. While TRTA does not endorse candidates, our members VOTE in high percentages in all elections.

We watch, listen, talk, educate and vote!

TRTA Evaluates New TRS Medicare Advantage Program

Adapted from Tim Lee, *Inside Line*, 7-28-12

The incorporation of the new TRS Medicare Advantage Plan is a big change for many TRS-Care participants. Some TRTA members eagerly are awaiting the cost savings associated with these plans. Others want nothing to do with the plan and want to opt out at the earliest opportunity. There are some common questions that many members are asking:

1. Will my doctor(s) and medical provider(s) accept the Medicare Advantage plan?

Texas is a very diverse state. An individual's health care options vary widely by location. Some areas are losing doctors and hospital networks that are willing to accept Medicare. Other areas are full of medical provider options; but some are saying they are not accepting Medicare Advantage plans.

2. Am I able to opt out?

TRS is providing you with a 100% guarantee opt-out provision. If you review the Medicare Advantage plan over the next few months and decide to stay in the plan in 2013 as many TRS retirees will, you can opt out at any time for any reason—even if you have been in the plan for six months.

3. When will TRS be able to answer direct questions about provider networks in all areas of the state?

Over the next five months, TRS will provide many opportunities to address your questions. There's time on our side. Enrollment will not start until January 1, 2013.

4. Does TRTA think it is a good idea for me to be on the Medicare Advantage plan?

TRTA is not endorsing or condemning the TRS-Care Medicare Advantage plan. We do, however, have tremendous confidence in the people working on your behalf at TRS. These dedicated employees are doing everything they can to make the TRS-Care Medicare Advantage plan beneficial for those choosing to utilize it. **The TRS Medicare Advantage plan is NOT the average, off-the-shelf Medicare Advantage plan available in the open market. It has been tailored to serve TRS retirees and is based largely on the Medicare supplement programs already available through TRS-Care 2 and 3.**

Questions to be Answered

1. We have been told by TRS and Aetna that even though a medical provider (doctor or hospital) may have a policy against taking Medicare Advantage, they may not have a problem taking the TRS Medicare Advantage plan and/or payment from the plan because it is different than the standard general market plan.
2. What this means is that if you have already started checking with your medical providers and have been told that they do not take Medicare Advantage, it is worth the effort to verify with Aetna as their plan and payment allowances may be acceptable to the provider. This may seem like extra legwork on your part, but it could open doors for you and many TRS retirees in your area. TRS and Aetna have the ability to make changes, and your role simply is to check with your medical providers and provide feedback.
3. TRS and Aetna are preparing to go on the road and visit with TRS-Care plan participants directly. One seminar will be on Wednesday, August 29 & Thursday, August 30 at the Hilton Hobby Airport, 8181 Airport Boulevard Houston, TX, 10 a.m. and 2 p.m.

TRTA will attend the first meeting and send a report on the information TRS and Aetna are providing. We hope this will help you prepare the questions you want to ask and learn more about how the new Medicare Advantage option may affect your decision to remain with the plan or opt out.

Finally, TRTA is working with TRS to develop a "checklist" that you can use to make a better, more informed decision about whether the TRS-Care Medicare Advantage Plan is a good option for you. As we continue to receive your comments, we will relay them to TRS and provide answers back to you.

Positive Changes Coming for TRS-Care

Edited from Tim Lee, *Inside Line*, 6-2-12

Positive changes for TRS-Care include a new pharmaceutical benefits manager (PBM). TRS-Care participants will be transitioned from Caremark to Medco, effective September 1, 2012. The TRS Board of Trustees selected Medco because of a significant cost savings to the program. An important note about Medco: Medco is now owned by Express Scripts International (ESI). Materials about your pharmacy benefit change will mention transitioning from Caremark to MedcoESI. Eventually, the Medco name will be dropped altogether, and will be referred to only as Express Scripts or ESI. It is also good

news that Medco will be the TRS-Care Medicare Part D provider.

New Health Care Rules Could Save BIG Dollars

The TRS Board of Trustees has discussed and will continue to talk about TRS-Care plan savings that are made available through the Affordable Care Act. One of those changes is a program called the Employer Group Waiver Program (EGWP, pronounced “Egg Whip”). This option allows anyone who is Medicare A or B eligible and who has been on TRS-Care 2 or 3 to receive better prescription drug benefits than currently provided by TRS-Care. In addition, it saves TRS-Care hundreds of millions of dollars.

Betsey Jones, Director of Health Care Policy for TRS, explained to the committee that this plan would provide a better benefit for retirees. Examples of these improved benefits include:

1. No penalty for using brand name drugs over generics;
2. Low income premium assistance; and
3. Reduced premiums for participants who experience catastrophic levels of coverage.

The rules governing these changes will allow a person to opt out of the program; however, the more people that opt out, the less beneficial this is for the TRS-Care program financially. TRS knows that this program could potentially save the plan hundreds of millions of dollars and provide a better benefit to retirees. TRS also knows that many people have a low propensity for change, so they may develop additional incentives for staying in the program. There are many TRS-Care participants who are over age 65, but may not qualify for both parts of Medicare (these individuals may not have changed jobs in their school district after 1986, or both spouses are educators they did not pay the Medicare tax after 1986). These people would not qualify for the Medicare Advantage plan that is being considered by TRS. TRTA is working to get an answer to the question about their continued health care coverage and cost. Since these issues are still new and developing, we have been told that these people will stay on their current plan at the same rate, but they would not be eligible to receive some of the additional benefits that are part of the Medicare Advantage plans.

TRS is still studying changes to non-Medicare eligible TRS-Care participants (people who are not yet age-eligible for Medicare coverage). Younger retirees not participating in Medicare due to age factor at a higher cost than Medicare eligible participants. This is because Medicare becomes the primary insurance for the retiree, with TRS-Care being secondary.

House Committee to Meet about TRS

Tim Lee, Inside Line, 8-15-12

The House Pensions, Investments, and Financial Services Committee (PIFS) is scheduled to meet on September 12,

2012. The Teacher Retirement System will present their legislatively mandated pension plan study at this meeting. TRTA has been monitoring and commenting on this plan design study since TRS started working on it at the end of last legislative session.

TRTA members in the area are encouraged to attend this hearing. Time & location should be available later. The plan design study will be influential during the next legislative session. We will continue to defend the current traditional defined benefit plan for all retired and active school employees. TRTA is confident that this plan provides the greatest financial security for TRS members and is a great value to the state.

Is the Texas economy looking better?

Peggy Fikac, Houston Chronicle, 8-13-12

Despite the good news that Texas revenues are growing far faster than predicted by the state comptroller and the rainy day fund will have \$8.1 billion at the end of the current two-year fiscal period, legislative leaders aren't exactly celebrating. They cite bills coming home to roost, including billions of dollars in costs that were pushed off last year as lawmakers struggled to close a massive budget shortfall.

A \$4.7 billion tab for Medicaid costs through the end of the current two-year fiscal period will come due early next year. Lawmakers pushed a \$2 billion Foundation School Program payment into the next budget cycle, and they'll have to come up with another \$2 billion if they want to cover school enrollment growth in the next two years.

That's before they even look at making up for last year's cutbacks to schools, which were shorted more than \$5 billion compared to traditional formulas. School districts have sued over funding. Not only that, state Comptroller Susan Combs' office warned the economic pace could cool next year due to the national economy and European fiscal problems.

Despite the financial challenges, some wonder if leaders are painting a particularly dim view to keep from fueling high hopes for an infusion of cash for programs like education. Linda Bridges, president of the Texas affiliate of the American Federation of Teachers, said legislative leaders met the favorable budget news delivered early this month with “maximum feasible gloom,” speculating that they “didn't want to admit one implication of the updated revenue picture, which is that cuts they portrayed as a regrettable necessity last session were actually not necessary.”

“The bottom line is that next session lawmakers will have the means — if they have the will — to reverse needless cuts enacted last year and restore funding for Texas schoolchildren,” she said.

Eva DeLuna Castro of the Center for Public Policy Priorities said that when this fiscal year ends Aug. 31, there could be \$3 billion more in revenues than the comptroller initially predicted, plus more as the fiscal cycle continues. Even if the state economy slows, as the comptroller's office said it might, Castro expects revenue growth in the following fiscal cycle.

“The money is going to be there,” Castro said, but added, “Having the money is one thing. Having the commitment to making those restorations is what we’ll have to wait and see about.” If the state doesn't provide enough money, she noted, pressure on local taxes will increase. “The property tax is the single largest way we pay for public services. If they aren't doing anything to reduce the pressure on that, most people aren't going to think the state cut taxes, even if the state has less tax revenue,” she said.

Rep. Mike Villarreal, D-San Antonio, chalked up gloomy talk partly to House leaders' effort to assure GOP voters that “our state is growing, and if our budget grows, don't get mad at us. We're just trying to keep up with the pace of population growth.” Villarreal said that the numbers mean “we're going to have funds to cover payment delays in Medicaid and payment delays to our school districts and be in a position, if pro-education legislators are elected, to make strategic investments in areas that were cut like pre-K and Texas Grants (for higher education). Those are just two examples.”

House Speaker Joe Straus, R-San Antonio, said in an interview earlier this month that he expects the Legislature to “be sensitive” to public education while being fiscally prudent. “I think you'll see the Legislature being responsible and doing every-thing it can ... to strengthen public education. It's not all about the money,” he said, but added, “Money's important.”

TRS 75th Anniversary Celebration

Tim Lee, Inside Line, 8-15-12

Mark your calendar for September 12, 2012. In one month, the Teacher Retirement System of Texas (TRS) will be celebrated for their 75 years of service to public education personnel and the state of Texas! TRTA and friends of TRS are hosting a special TRS 75th anniversary dinner celebration. We hope you can come to this special event. Tickets are \$20 each, and the cost includes a great meal at the Driskill Hotel in Austin as well as an exceptional guest speaker. TRTA is proud to welcome Mr. Brad McCoy. Brad graduated from Abilene Christian University—where he played football—in 1983. He served as an athletic director, head football coach and teacher during his career. Brad and his wife, Debra, have raised three sons. His oldest son, Colt, played for the University

of Texas and set national records for most wins ever and highest completion percentages ever by a quarterback along with 47 other national, Big 12 and school records. Currently, Colt plays for the NFL Cleveland Browns. Chance, a receiver at Hardin-Simmons University, and Case, a quarterback at the University of Texas, are also great performers on and off the field.

Here is what you need to know if you are interested in attending:

- The TRS 75th anniversary dinner celebration is September 12, 2012 at 6:00 p.m.;
- The event is being hosted at the historic Driskill Hotel in downtown Austin (Brazos and 6th Street);
- Seating for the event is limited to 400 people;
- Tickets are on sale now for \$20 per ticket;
- Everyone is welcome, including retired or active school employees, guests, legislators, staff members, and the media;
- You must contact TRTA to purchase tickets;
- Contact TRTA by phone to order your tickets by calling [1.800.880.1650](tel:1.800.880.1650);
- Tickets will be sold on a first-come, first-served basis;
- Dinner will include a commemorative program, a delicious three-course meal, special entertainment, and guest speakers; and
- TRTA does not have a room block rate at the Driskill, but a list of nearby hotels will be posted on our web site (www.trta.org) for your information.

The Teacher Retirement System of Texas provides retirement security to over 1.3 million Texans. Through economic booms and busts, a World War and international conflicts, in good times and bad, the TRS pension program has never missed a payment to its retirees. The Texas Legislature has also supported this vital pension trust fund by never missing a contribution or taking a “pension funding holiday.” TRS Texas is a key economic stabilizer for the state and local economies. In these politically charged days when attacks are more and more common against the defined benefit plan, now is the time to recognize and celebrate how vital TRS has been to thousands of public education personnel and to the state. We hope you will consider joining TRTA and the friends of TRS for this special anniversary dinner celebration!

This is also a great opportunity to attend the House PIFS committee hearing to be held earlier that day.