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June 1, 2022

Mr. Brad Bailey
Houston I.S.D.
4400 West 18th Street
Houston, TX 77092

Re: Houston ISD TRS Medical Comparability

Dear Brad:

Gallagher, at your request, has analyzed Houston ISD's medical plan designs to determine whether they are comparable with that of the Employee Retirement System HealthSelect Plan.

This comparability test is mandated by the State of Texas for each school district that does not participate in the TRS-ActiveCare. The state requires under Section 22.004(b) that the following factors be considered:

- The deductible amount for service provided inside and outside of the network;
- The coinsurance percentages for service provided inside and outside of the network;
- The maximum amount of coinsurance payments a covered person is required to pay;
- The amount of the copayment for an office visit;
- The schedule of the benefits and the scope of the coverage;
- The lifetime maximum benefit amount; and
- Verification that the coverage is issued by a provider licensed to do business in this state by the Texas Department of Insurance or is provided by a risk pool authorized under Chapter 172, Local Government Code, or that a district is capable of covering the assumed liabilities in the case of coverage provided through district self-insurance.

Methodology and Assumptions

To evaluate these first 6 factors, we look at the actuarial values for each plan as determined by Gallagher's Apex HRM software. The Apex HRM software modeled the deductible, coinsurance, maximum coinsurance payment, copays for office visits, the lifetime maximum, and the schedule and scope of these benefits.

The actuarial value is a measure of the richness of the benefits being provided to the members of the plan. The actuarial value of each plan can be compared with the actuarial value of the Employee Retirement System HealthSelect Plan to determine whether any of the plans meet the state's mandate by being within 5% of the Employee Retirement System HealthSelect Plan to be considered comparable.



All of Houston ISD's medical plans meet this requirement. The chart below illustrates the actuarial value of the plans based on the criteria above.

	Actuarial Value	Difference from HealthSelect
ERS HealthSelect Plan	76.9%	
Houston ISD – MH/ TMN Plus Plan	78.9%	+2.0%
Houston ISD – Kelsey Plus Plan	79.3%	+2.4%
Houston ISD – MH/ TMN Basic Plan	76.2%	-0.7%
Houston ISD – Kelsey Basic Plan	78.9%	+2.0%
Houston ISD – Select Plan	81.0%	+4.1%

Based on our methodology all of Houston ISD's medical plans are within the state's mandate of 5% points lower than the HealthSelect Plan.

Reliance and Limitations

The purpose of this letter is to present the results of the calculation and to document the methods and assumptions employed. This document is uncertified and its purpose is for internal use only. Any other use of this memorandum is inappropriate. The actuarial value calculation was based on information provided by the client.

Please review this information and let us know if you have any questions or concerns.

Sincerely,



Gary Hysell
Client Underwriting Consultant
/gh

cc: Maggie Parker, Area Vice President