

PUBLIC AGENDA ITEM - #11

11. Executive Director's Report

August 25, 2009

A. TRUSTEE RUN-OFF ELECTION RESULTS

Congratulations to Yolanda Griego who was certified on July 29th as the winner of the runoff election with 51.3 percent of votes. She was elected for another six-year term beginning September 1, 2009 through August 31, 2015

12.11% of eligible voters participated in the run-off election compared to 12.3% in the general election.

Election Highlights:

- 12.1 percent of eligible voters participated in the run-off
- Total votes cast were 31,904
- Retirees cast the most votes, a total of 17,858
- Paper ballots continue to be the most popular way to vote, even though online votes are error-free and save money for the system

B. SUMMER ENROLLMENT HIGHLIGHTS

ERS recently concluded another successful summer enrollment period. This year, ERS consolidated all enrollment activity in a four-week period from July 6 through July 31, 2009. Process improvements include confirming customer's enrollment changes on a daily basis by email or mail, instead of at the end of the enrollment period. This reduced employee concerns about their changes and lowered the volume of calls from members confirming that changes were accepted.

The earlier close of enrollment also allowed insurance carriers to update their systems and provide members with identification cards before the beginning of the new plan year.

Statistics:

- 96,560 summer enrollment transactions (46% were made directly by members logging into their ERS OnLine account)
- 66,000 calls related to summer enrollment were received in the contact center
- 20,000 customers took advantage of new ERS web features including step-by-step tutorials for common summer enrollment activities and video recordings of summer enrollment presentations from ERS and vendors
- 5,201 members attended either a summer enrollment fair or a live web-cast

C. UPDATE ON DENTAL PLANS ENROLLMENT AND NETWORKS:

State of Texas Dental Choice Plan:SM

113,508 active employees and retirees have enrolled in the State of Texas Dental Choice Plan, administered by Humana. This is a 12.4% increase over the number enrolled in the current dental indemnity plan. The plan offers a different network of providers, and benefit levels are no longer based on the number of years a participant has been enrolled.

ERS required Humana to strengthen their provider networks for both dental plans. While Humana continues to recruit new practices, reports show that their networks surpass the number of facilities under contract with the current carriers:

State of Texas Dental Choice Plan providers:

- Humana contracted facilities: 3,096
- GEHA contracted facilities: 2,098

DHMO Plan:

89,324 active employees and retirees have enrolled in the DHMO plan administered by Humana. The new plan takes effect September 1, 2009. This is a 7.7% decrease in enrollment compared to the current DHMO plan.

- Humana DHMO contracted facilities: 475
- Aetna DHMO contracted facilities: 436

On a combined basis, enrollment in dental coverage is 2.4% higher than current dental enrollment.

D. UPDATE ON LEGISLATION IMPLEMENTATION

Staff continues to work on implementing legislation passed by the 81st Legislature. It has been a coordinated effort across all divisions and even some state agencies. Although implementation efforts will be ongoing through the next fiscal year, ERS is on track to implement all the provisions in the ERS omnibus bill, HB 2559, and other bills that become effective September 1, 2009. Staff is to be commended for their efforts and work they have completed so far including countless computer systems changes, various communication outreach efforts and publication revisions, and staff and benefit coordinator training.

Status of One-Time \$500 Retiree Payment: As a reminder, the 81st Legislature appropriated funds to the Texas Comptroller for purposes of providing a one-time extra check up to \$500 to be paid from the state’s general revenue fund. The chairs of House Appropriations and Senate Finance asked the Attorney General to provide an opinion as to whether the payment is constitutionally and statutorily permissible.

ERS submitted a brief to the Attorney General on June 26, 2009. The Attorney General has indicated that an opinion will be issued by the end of November.

If the AG rules the payment is permissible under the Constitution and state law, ERS will notify eligible* retirees and coordinate with the Comptroller’s Office to issue the payments. If the AG does not determine that the payment is permissible, the State will contribute the money to the ERS retirement trust fund by increasing the State’s retirement contribution by the amount of the supplemental payment, or 0.5 %. If the State contribution increases, employees will also increase their contributions by an equal amount.

Contribution with supplement paid	(State) 6.45% + (member) 6.45% <u>12.90%</u>
Contribution if supplement not approved	(State) 6.95% + (member) 6.50% <u>13.45%</u>

*Eligibility: Retired on or before December 31, 2008 as a state employee, including disability retirees and LECOS members, or be receiving a monthly annuity as a surviving beneficiary of a retiree who meets those conditions

E. AGENCY STRATEGIC PLANNING

ERS will review and update ERS' strategic plan beginning in the Spring of 2010. The process includes examining ERS' current strategic directions and updating or adjusting them as deemed necessary. The plan includes developing measurable goals for implementing the strategic directions over the course of 2011-2015. The strategic plan will serve as a blueprint for setting ERS' performance measures included in ERS' Legislative Appropriations Request for the 2012-2013 biennium.

ERS uses a participatory method that includes staff from all areas of the agency. Board members will be invited to participate in some of the working sessions.