



EMPLOYEES RETIREMENT SYSTEM OF TEXAS

**ACTUARIAL VALUATION OF OTHER POST-EMPLOYMENT
BENEFITS PROVIDED UNDER THE TEXAS EMPLOYEES
GROUP BENEFITS PROGRAM
GOVERNMENTAL ACCOUNTING STANDARDS BOARD
STATEMENT NO. 75
FOR THE MEASUREMENT YEAR ENDED AUGUST 31, 2021 AND
EMPLOYER REPORTING FOR FISCAL YEARS ENDING
ON OR BEFORE AUGUST 31, 2022**



Rudd and Wisdom, Inc.

Rudd and Wisdom, Inc.

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March 1, 2022

Board of Trustees
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Attached is our Actuarial Valuation of the Other Post-Employment Benefits (OPEB) provided under the Texas Employees Group Benefits Program (GBP) administered by the Employees Retirement System of Texas (ERS) for the Measurement Year Ended August 31, 2021 and Employer Reporting for Fiscal Years Ending on or before August 31, 2022 (GBP OPEB). The purpose of this valuation is to provide accounting information that is required by the Governmental Accounting Standards Board Statement No. 75 (GASB No. 75) which sets forth the financial reporting standards for state and local government employers that provide post-employment benefits other than pension benefits. Such benefits are referred to collectively as OPEB. The results of this valuation are appropriate only for purposes of GASB No. 75.

Please refer to the glossary in Section IX of this report for the definitions of certain GASB No. 75 terms which are indicated below in boldface type the first time they appear.

The GBP provides OPEB for retired employees of the State of Texas and certain institutions of higher education and other agencies as specified in Chapter 1551 of the Texas Insurance Code. For purposes of this report, the term employer is used when referring to the cost-sharing employers collectively.

GASB No. 74 and GASB No. 75 operate together to form the basis of financial reporting for OPEB by the plan (GASB No. 74) and by the employer/plan sponsor (GASB No. 75). Depending upon plan structure, GASB presents several alternatives for coordinated plan and employer/sponsor reporting.

ERS has determined that the GBP is a cost-sharing multiple employer plan with a special funding situation that is administered in accordance with paragraph 4 of GASB No. 75 which applies to trusts, or equivalent arrangements, that meet the following criteria:

- a) Contributions from employers and **Non-Employer Contributing Entities** to the OPEB plan and earnings on those contributions are irrevocable,
- b) OPEB plan assets are dedicated to providing OPEB benefits to plan members in accordance with the benefit terms, and

- c) OPEB plan assets are legally protected from creditors of employers, Non-Employer Contributing Entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets are also legally protected from creditors of the plan members.

Therefore, the employers report under paragraphs 21-26, 59-98, 109-115, 138 and 140-142 of GASB No. 75 and references to GASB No. 75 should be interpreted accordingly.

Measurement Date

Paragraph No. 59 of GASB No. 75 permits a measurement date that is no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year. Thus, for purposes of GASB No. 75 reporting for fiscal years ending on or before August 31, 2022, the measurement date is August 31, 2021, and the August 31, 2021 liability shown in the GBP OPEB GASB No. 74 actuarial valuation report will be used for such reporting.

Consistency with Assumptions Used for Retirement Plan Valuations

Most of the employees and retirees covered by the GBP are also covered by either the ERS or Teacher Retirement System (TRS) retirement plans that are subject to periodic actuarial valuations. Where appropriate, for purposes of this report, we have utilized assumptions previously adopted by the ERS and TRS Boards for use in performing the retirement plan valuations. However, certain aspects of the OPEB valuation process require the use of assumptions that are unique to OPEB; for example, the **discount rate** assumption and the **health benefit cost trend** assumption as discussed below.

Changes in Actuarial Assumptions

Since the last valuation was prepared for this plan, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations. Furthermore, (a) the percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (b) the percentage of future retirees assumed to be married and electing coverage for their spouse, (c) the proportion of future retirees assumed to elect health coverage at retirement and the proportion of future retirees expected to receive the Opt-Out Credit at retirement, (d) the percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date and (e) the annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act have been updated to reflect recent plan experience and expected trends. In addition, the assumption for expenses directly related to the payment of GBP HealthSelect medical benefits has been updated to reflect recent contract revisions.

Lastly, the discount rate was changed from 2.20% as of August 31, 2020 to 2.14% as of August 31, 2021 as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date. (See below for additional details.)

For a complete list of assumptions and other inputs, see Section VI of this report.

Discount Rate

In accordance with Paragraph No. 79 of GASB No. 75, the discount rate should be the single rate that reflects the following:

- (a) the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (i) the OPEB plan's **Fiduciary Net Position** (i.e., plan assets) is projected to be sufficient to make projected benefit payments and (ii) OPEB plan assets are expected to be invested using a strategy to achieve that return, and
- (b) the **Municipal Bond Rate** which is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in (a) are not met.

For each future period, if the amount of the OPEB plan's fiduciary net position is projected to be greater than or equal to the benefit payments that are projected to be made in that period and OPEB plan assets up to that point are expected to be invested using a strategy to achieve the **Long-Term Expected Rate of Return**, the actuarial present value of benefit payments projected to be made in the period should be determined using the long-term expected rate of return on those investments. Per Paragraph No. 83 of GASB No. 75, the long-term expected rate of return should be based on the nature and mix of current and expected OPEB plan investments over a period representative of the expected length of time between (1) the point at which a plan member begins to provide service to the employer and (2) the point at which all benefits to the plan member have been paid. For this purpose, the long-term expected rate of return should be determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense. The municipal bond rate discussed in (b) above should be used to calculate the actuarial present value of all other benefit payments. The discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the actuarial present values determined using the long-term rate of return and the municipal bond rate applied to the appropriate periods as described above.

For this plan, the amount that the participating employers contribute to the OPEB plan each year is limited to the anticipated cost of providing benefits incurred during that year. As a result, the GBP is not expected to accumulate funds. (Although there are some accumulated funds as of August 31, 2021, such funds provide less than a full year's benefit payments and are expected to be depleted shortly.) Since no plan assets are expected to accumulate, the discount rate must be based solely on the municipal bond rate discussed in (b) above. The discount rate for the measurement year ending August 31, 2021 is 2.14% based upon the Bond Buyer Index of general obligation bonds with 20 years to maturity with an average credit quality that is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA rating.

Health Benefit Cost Trend

For purposes of this valuation, the health benefit cost trend represents the expected annual rate of increase in health benefit costs, excluding the effects of changes in demographics and changes in plan provisions.

The health benefit cost trend has exceeded the rate of price increases in the general economy, as measured by changes in the Consumer Price Index (CPI), for many decades. Although this pattern is expected to continue for the foreseeable future, many economists anticipate that the degree to which the health benefit cost trend exceeds general inflation will eventually abate. These economists believe that the health benefit cost trend will reach an ultimate level that still exceeds general inflation, but not by as wide a margin as in past decades.

The health benefit cost trend assumption used in this report begins with our short term expectations of expected health benefit cost increases in the next year and gradually declines to a rate that exceeds the assumed rate of general price inflation by 2.0%.

Changes in Plan Provisions

Under Q/A #4.107 of GASB's Implementation Guide No. 2017-2, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. Accordingly, this valuation reflects the minor benefit changes that became effective September 1, 2021, since these changes were communicated to plan members in advance of the preparation of the valuation used for this report. These changes, which are not expected to have a significant impact on plan costs for FY2022, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary. For a complete description of the benefit provisions, see Section VII of this report.

High-Cost Plan Excise Tax

Prior to August 31, 2020, the effects of the High-Cost Plan Excise Tax imposed by the ACA under Internal Revenue Code Section 4980I (sometimes referred to as the "Cadillac Tax") and the Health Insurance Providers Fee imposed by Section 9010 of the ACA (sometimes referred to as the "HIP Fee") were included in the **Net OPEB Liability** as of each measurement date. However, the Cadillac Tax and the HIP Fee provisions of the ACA were repealed by the Further Consolidated Appropriations Act, 2020 which was signed into law on December 20, 2019. Due to the repeal of these provisions, the Net OPEB Liability as of both August 31, 2020 and August 31, 2021 presented in this report is not adjusted for the Cadillac Tax nor the HIP Fee provisions of the ACA.

Medicare Part D

The Medicare Prescription Drug Improvement and Modernization Act of 2003 introduced a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy, the Retiree Drug Subsidy (RDS), to sponsors of retiree healthcare benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to the basic coverage provided under Medicare Part D.

For purposes of GASB No. 75, the valuation of future OPEB may not reflect the anticipated receipt of future RDS payments as required under GASB Technical Bulletin No. 2006-1. The Bulletin requires that the RDS payments to an employer be reported by the employer as revenue, rather than being netted against the employer's OPEB cost for prescription drug coverage.

ERS implemented an Employer Group Waiver Plan plus Commercial Wrap (EGWP plus Wrap) on January 1, 2013 in order to provide the plan with the benefit of increased subsidies and discounts available under such an arrangement. ERS is no longer eligible for the RDS for retirees enrolled in the EGWP plus Wrap. As a result, the RDS has been significantly reduced.

The projected cost of the EGWP plus Wrap reflects the subsidies expected to be provided by the Federal government under Medicare Part D and the discounts expected to be provided by drug manufacturers as required under the ACA.

Proportionate Share

Per Paragraph No. 59 of GASB No. 75, a liability for an employer's proportionate share of the collective Net OPEB Liability as of the measurement date shall be recognized at the end of the employer's fiscal year. ERS has determined each employer's proportionate share as the ratio of the employer's contributions to the GBP for active and retired members to the total contributions made by all employers to the GBP for all active and retired members. These proportions are determined as of the measurement date based on contributions made during the year ending on the measurement date.

For each employer, this same proportionate share is used to allocate the OPEB Expense and Deferred Outflows/Inflows of Resources in accordance with Paragraph No. 63 of GASB No. 75.

In addition, pursuant to paragraph 64 of GASB No. 75, if there is a change in the employer's proportion of the collective net OPEB liability since the prior measurement date, the net effect of that change on the employer's proportionate shares of the collective net OPEB liability and collective deferred outflows of resources and deferred inflows of resources related to OPEB, determined as of the beginning of the measurement period, should be recognized in the employer's OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period. For this purpose, the length of the expense recognition period should be equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active members and inactive members) determined as of the beginning of the measurement period. The amount not recognized in the employer's OPEB expense should be reported as a deferred outflow of resources or deferred inflow of resources related to OPEB. [See Q/A #4.193 and Illustration B4-3 of GASB's Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).]

See Section V for a list of the employers' proportionate shares.

Variability in Future Actuarial Measurement

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

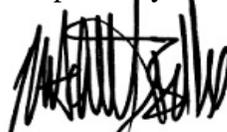
- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- Changes in plan provisions, applicable law or applicable accounting standards.

Retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

Aside from the required sensitivities of the Net OPEB Liability to changes in the discount rate and healthcare cost trend rates presented on pages II-5 and II-6, we have not been asked to perform and have not performed any stochastic or deterministic sensitivity analyses of the potential ranges of such future measurements. If you have an interest in the results of any such analysis, please let us know.

Please let us know if you have any questions or need additional information concerning this report.

Respectfully submitted,



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MLB/CSJ/PSD/KDN:nm

Enclosures

**GASB STATEMENT NO. 75
ACTUARIAL VALUATION**

**AS OF AUGUST 31, 2021 FOR THE
MEASUREMENT YEAR ENDED AUGUST 31, 2021 AND
EMPLOYER REPORTING FOR FISCAL YEARS ENDING
ON OR BEFORE AUGUST 31, 2022**

**FOR THE
OTHER POST-EMPLOYMENT BENEFITS UNDER THE
TEXAS EMPLOYEES
GROUP BENEFITS PROGRAM**

TABLE OF CONTENTS

	<u>Page No.</u>
Section I: Certification of GASB No. 75 Actuarial Valuation	I-1
Section II: Notes to the Financial Statements	
A. OPEB Plan Description	II-1
B. Net OPEB Liability.....	II-3
C. Changes in the Net OPEB Liability.....	II-7
D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.....	II-8
E. Payable to the OPEB Plan	II-10
F. Change in Proportionate Share	II-10
Section III: Required Supplementary Information	
A. Information to be Presented for Each Cost-Sharing Employer.....	III-1
B. Notes to the Required Schedules	III-1
Section IV: Additional Information	
A. Schedule of Changes in the Employer’s Net OPEB Liability and Related Ratios	IV-1
B. Detailed Calculations of Certain Components of OPEB Expense.....	IV-3
C. Changes in Liabilities Since the Prior Valuation	IV-4
Section V: Proportionate Share for Each Employer	V-1
Section VI: Actuarial Methods and Assumptions.....	VI-1
Section VII: Outline of Principal Eligibility and Benefit Provisions	VII-1
Section VIII: Detailed Valuation Results	VIII-1
Section IX: Glossary.....	IX-1
Appendix A: Amortization Schedules of Outflows/Inflows of Resources	A-1
Appendix B: Determination of Balances of Deferred Outflows/Inflows of Resources at August 31, 2021 Measurement Date	B-1
Appendix C: Schedule of Collective OPEB Amounts.....	C-1

Section I - Certification of GASB No. 75 Actuarial Valuation

At the request of the Employees Retirement System of Texas (ERS), we have performed an actuarial valuation of the Other Post-Employment Benefits (OPEB) provided under the Texas Employees Group Benefits Program (GBP) for purposes of employer reporting requirements for fiscal years ending on or before August 31, 2022. The purpose of this report is to present the results of our valuation and provide the information necessary to determine financial statement entries consistent with the Governmental Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB No. 75).

Actuarial computations under GASB No. 75 are for purposes of fulfilling governmental employer financial accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of GASB No. 75 and the GBP. The information presented in this report is solely for purposes of compliance with GASB No. 75. This report does not provide any advice with respect to the manner in which the benefits are funded (i.e., pay-as-you go funding as opposed to prefunding the benefits). Actuarial valuations of OPEB are performed annually.

Paragraph No. 59 of GASB No. 75 permits a measurement date that is no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year. The measurement date of August 31, 2021 will be used to report information for fiscal years ending on or before August 31, 2022. The valuation date is August 31, 2021.

We have based our valuation on current and former employee data as of August 31, 2021 provided by ERS, former employee data as of August 31, 2021 provided by the Teachers Retirement System (TRS) and plan provisions provided by ERS. We have used the actuarial methods and assumptions described in Section VI of this report. The actuarial valuation has been performed on the basis of the plan benefits described in Section VII.

To the best of our knowledge, all current active and retired employees eligible to participate in the plan as of the valuation date and all other individuals who have a vested benefit under the plan have been included in the valuation. Furthermore, to the best of our knowledge and belief, all plan benefits have been considered in the development of costs.

ERS and TRS remain solely responsible for the accuracy and comprehensiveness of the respective data provided. However, to the best of our knowledge, no material biases exist with respect to any imperfections in the data provided by these sources. To the extent that any imperfections exist in the data records, we have relied on best estimates provided by ERS and TRS. We have not audited the data provided, but have reviewed it for reasonableness and consistency relative to previously provided information. We have utilized ProVal, a software licensed from Winklevoss Technologies, LLC, in the development of the liabilities summarized in the report.

To the best of our knowledge, the actuarial information supplied in this report is complete and accurate. In our opinion, each of the assumptions used is reasonably related to the experience of the plan and to reasonable expectations and represents our best estimate of anticipated experience under the plan solely with respect to that individual assumption. All of our work conforms to generally accepted actuarial principles and practices and to the Actuarial Standards of Practice issued by the Actuarial Standards Board. We are neither aware of any material inconsistencies among the assumptions, nor are we aware of any unreasonable results caused by the aggregation of the assumptions.

Rudd and Wisdom, Inc. prepared and presented in Sections II and III of this report the information that is required to be included in the notes to the Financial Statements and the Required Supplementary Information. ERS prepared the proportionate share allocation percentages shown in Section V of this report.

Rudd and Wisdom, Inc. prepared the following schedules in the Actuarial Section of the ERS ACFR for the State Retiree Health Plan: (a) Active Member Valuation Data, (b) Retirees and Nominees Added and Removed and (c) Schedule of Funding Progress.

The undersigned individuals are members of the American Academy of Actuaries who meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Mitchell L. Bilbe, F.S.A.
Member of American Academy of Actuaries



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Section II - Notes to the Financial Statements

Pursuant to Paragraphs No. 91 through 98 of GASB No. 75, the following information should be included in the Notes to the Financial Statements.

A. OPEB Plan Description

1. Plan Name

Other Post-Employment Benefits provided under the Texas Employees Group Benefits Program (GBP)

2. Plan Type

The GBP is a cost-sharing multiple-employer defined benefit OPEB plan. Employers participating in the GBP include:

- a. the State of Texas which is the employer for all state agency employees and employees of senior colleges and universities,
- b. 50 Texas junior and community colleges,
- c. the Texas Municipal Retirement System, Texas County and District Retirement System, the North Texas Tollway Authority, the Texas Cooperative Inspection Program, the University of Texas Medical Branch and the Windham School District,
- d. Community Supervision and Corrections Departments.

3. Employees Covered

- a. State agency and higher education employees must meet the following classification requirements in order to be eligible for OPEB provided they also meet certain age and service conditions.

- i. State Agency or Higher Education Employee

An individual must be an elected or appointed officer or employee who performs service (other than an independent contractor) for the State of Texas, including an institution of higher education, other than the University of Texas or Texas A&M University Systems, and who:

- a) receives compensation for the service performed pursuant to a payroll certified by a state agency or by an elected or appointed officer, or

- b) receives compensation for service performed for an institution of higher education pursuant to a payroll certified by an institution of higher education or by an elected or appointed officer of the State.
- ii. Employees of Certain Other Entities
 - a) Officers or employees of Texas Municipal Retirement System or Texas County and District Retirement System
 - b) Certain employees or officers of the North Texas Tollway Authority
 - c) Employees of the Community Supervision and Corrections Departments
- b. Number of Plan Members as of August 31, 2021

Member Category	Count
a. Inactive employees or beneficiaries currently receiving benefit payments	134,517 ¹
b. Inactive employees entitled to but not yet receiving benefit payments	14,969
c. Active employees	<u>224,904</u> ²
d. Total	374,390

- ¹ Includes 5,044 retirees not enrolled in a health plan and 328 retirees who receive the Opt-Out Credit in lieu of health benefits.
- ² Includes return-to-work retirees and employees who have not yet satisfied the waiting period.

4. Brief Description of Benefit Provisions

- a. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan. An eligible retiree who has retired from full-time employment does not contribute toward the cost of coverage for himself/herself, but he/she pays a portion of the cost if he/she covers an eligible spouse or dependent child*. An eligible retiree who has retired from part-time employment contributes toward the cost of coverage for himself/herself, as well as paying a portion of the cost if he/she covers an eligible spouse or dependent child.
 - b. The GBP also provides life insurance benefits to eligible retirees via a minimum premium funding arrangement.
 - * SB 1459 requires employees who have less than 5 years of eligible service credit on September 1, 2014 to pay a larger portion of the cost of insurance if they retire with less than 20 years of eligible service credit on or after September 1, 2014.
5. The authority under which the obligations of the plan members and Employer are established and/or may be amended is Chapter 1551, Texas Insurance Code.
6. The Employer and member contribution rates are determined annually by the ERS Board Trustees based on the recommendations of the ERS staff and consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the

funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

7. There are no long-term contracts for contributions to the plan.

B. Net OPEB Liability

The Employer’s Net OPEB Liability reported for fiscal years ending on or before August 31, 2022 was measured as of August 31, 2021, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that same date.

The components of the Net OPEB Liability of the Employer at August 31, 2021 were as follows:

Total OPEB Liability	\$ 36,011,160,299
Plan Fiduciary Net Position	<u>135,652,891</u>
Net OPEB Liability	<u>\$ 35,875,507,408¹</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.38%

1. Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of August 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases	2.30% to 9.05% ²
Discount rate	2.14%
Healthcare cost trend rates	
Medical (HealthSelect)	5.25% for FY2023, 5.15% for FY2024, 5.00% for FY2025, 4.75% for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2030 and later years
Medical (HealthSelect Medicare Advantage)	0.00% for FY2023, 66.67% for FY2024, 24.00% for FY2025, 4.75% for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2030 and later years
Pharmacy	10.00% for FY2023, 10.00% for FY2024, decreasing 100 basis points per year to 5.00% for FY2029 and 4.30% for FY2030 and later years

¹ Composed of a current portion of \$737,300,807 and a long-term portion of \$35,138,206,601.
² Includes inflation.

- Mortality
1. State Agency Members
 - a. Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes):
2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020.
 - b. Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes):
2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively.
 - c. Active Members:
Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2010.
 2. Higher Education Members
 - a. Service Retirees, Survivors and other Inactive Members:
Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
 - b. Disability Retirees:
Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
 - c. Active Members:
Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuary as of August 31, 2019 and the TRS retirement plan actuary as of August 31, 2017.

Several assumptions or other inputs have been updated since the prior valuation as shown in Section VI of this report.

2. Discount Rate

- a. Discount Rate: 2.14%; the discount rate used to measure the Total OPEB Liability was 2.14%. The change in the discount rate since the OPEB plan's prior fiscal year-end is a decrease of 0.06% (i.e., from 2.20% to 2.14%) in order to reflect the requirements of GASB No. 75.
- b. Projected Cash Flows: Projected cash flows into the plan are equal to projected benefit payments out of the plan.
- c. Long-Term Expected Rate of Return: N/A; the plan operates on a PAYGO basis and is not intended to accumulate assets.
- d. Municipal Bond Rate: 2.14%; the source of the municipal bond rate is the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. In describing their index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.
- e. Years of Projected Benefit Payments to which Long-Term Expected Rate of Return Applies: 0 years
- f. Assumed Asset Allocation, Long-Term Expected Real Rate of Return for Each Asset Class and Arithmetic vs. Geometric return: N/A; the plan operates on a PAYGO basis and is not intended to accumulate assets.

3. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability reported for fiscal years ending on or before August 31, 2022 and measured as of August 31, 2021, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.14%) or 1-percentage-point higher (3.14%) than the current discount rate:

	1% Decrease (1.14%)	Current Discount Rate (2.14%)	1% Increase (3.14%)
Net OPEB Liability/(Asset)	\$42,729,090,631	\$35,875,507,408	\$30,513,602,386

4. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Net OPEB Liability reported for fiscal years ending on or before August 31, 2022 and measured as of August 31, 2021, as well as what the Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease¹	Current Healthcare Cost Trend Rates¹	1% Increase¹
Net OPEB Liability/(Asset)	\$30,041,514,206	\$35,875,507,408	\$43,519,076,260

¹ Healthcare Cost Trend Rates and -1%/+1% sensitivities are shown below. The -1%/+1% sensitivities also apply to the assumed trend rates for Retiree Contributions and Expenses. See items B.2.e. through B.2.g. in Section VI for more details of the trend assumptions.

Fiscal Year	Medical (HealthSelect)			Medical (HealthSelect Medicare Advantage)			Pharmacy		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase	1% Decrease	Healthcare Cost Trend Rates	1% Increase	1% Decrease	Healthcare Cost Trend Rates	1% Increase
2023	4.25%	5.25%	6.25%	-1.00%	0.00%	1.00%	9.00%	10.00%	11.00%
2024	4.15%	5.15%	6.15%	65.67%	66.67%	67.67%	9.00%	10.00%	11.00%
2025	4.00%	5.00%	6.00%	23.00%	24.00%	25.00%	8.00%	9.00%	10.00%
2026	3.75%	4.75%	5.75%	3.75%	4.75%	5.75%	7.00%	8.00%	9.00%
2027	3.60%	4.60%	5.60%	3.60%	4.60%	5.60%	6.00%	7.00%	8.00%
2028	3.50%	4.50%	5.50%	3.50%	4.50%	5.50%	5.00%	6.00%	7.00%
2029	3.40%	4.40%	5.40%	3.40%	4.40%	5.40%	4.00%	5.00%	6.00%
2030 and beyond	3.30%	4.30%	5.30%	3.30%	4.30%	5.30%	3.30%	4.30%	5.30%

C. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balance at August 31, 2020 Measurement Date¹	\$ 33,149,579,149	\$ 104,947,452	\$33,044,631,697
Changes for the year:			
Service cost	\$ 1,564,917,848		\$ 1,564,917,848
Interest	755,312,066		755,312,066
Changes of benefit terms	0		0
Differences between expected and actual experience	(15,785,855)		(15,785,855)
Contributions – employer		\$ 766,689,167	(766,689,167)
Contributions – Non-Employer Contributing Entity		39,188,518	(39,188,518)
Contributions – employee		192,426,941	(192,426,941)
Contributions – Federal Revenues for Medicare Part D RDS		1,583,706	(1,583,706)
Other (Federal Revenues)		106,028,599	(106,028,599)
Other (Other Additions)		59,357	(59,357)
Net investment income		233,492	(233,492)
Benefit payments, including refunds of employee contributions	(768,441,310)	(768,441,310)	0
Benefit payments financed by employee contributions and Federal Revenues		(298,455,540)	298,455,540
Administrative expenses		(8,607,491)	8,607,491
Assumption changes ²	1,325,578,401	0	1,325,578,401
Other changes	0	0	0
Net changes	\$ 2,861,581,150	\$ 30,705,439	\$ 2,830,875,711
Balance at August 31, 2021 Measurement Date³	\$ 36,011,160,299	\$ 135,652,891	\$35,875,507,408

¹ Information for fiscal years ending on or before August 31, 2021 was taken as of the measurement date of August 31, 2020 as permitted by Paragraph No. 59 of GASB No. 75.

² Composed of \$356,653,682 due to the change in discount rate and \$968,924,719 due to other assumption changes.

³ Information for fiscal years ending on or before August 31, 2022 was taken as of the measurement date of August 31, 2021 as permitted by Paragraph No. 59 of GASB No. 75.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is shown in Section IV of the GBP OPEB GASB No. 74 actuarial valuation report dated November 29, 2021.

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For fiscal years ending on or before August 31, 2022, the Employer recognized OPEB expense of \$(437,712,125).

1. Components of OPEB Expense for the Measurement Year Ended August 31, 2021 and Employer Reporting for Fiscal Years Ending on or before August 31, 2022

Service Cost	\$ 1,564,917,848
Interest on the total OPEB liability	755,312,066
Amortization of differences between expected and actual experience ¹	(428,192,054)
Amortization of changes of assumptions ¹	(2,341,572,897)
Employee contributions	(192,426,941)
Other (Federal Revenues and Other Additions)	(106,087,956)
Benefit payments financed by Employee Contributions and Federal Revenues	298,455,540
Projected earnings on OPEB plan investments	(2,642,212)
Amortization of differences between projected and actual earnings on OPEB plan investments ²	5,916,990
OPEB plan administrative expense	<u>8,607,491</u>
Total OPEB expense	\$ (437,712,125)

At the end of FY22³, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources listed in the table below.

2. Balances of Deferred Outflows of Resources and Deferred Inflows of Resources as of the Measurement Year Ended August 31, 2021 for Employer Reporting for Fiscal Years Ending on or before August 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 879,985,823
Changes of assumptions	2,456,177,845	3,995,728,383
Net difference between projected and actual earnings on OPEB plan investments	<u>6,353,757</u>	<u>0</u>
Total excluding post-measurement date contributions	\$ 2,462,531,602 ⁴	\$ 4,875,714,206

¹ Per Paragraph No. 86.a. of GASB No. 75, amortized over a straight-line closed period equal to the average remaining service period for all employees (active and inactive) who are provided with benefits through the OPEB plan.

² Per Paragraph No. 86.b. of GASB No. 75, amortized over a straight-line closed 5-year period.

³ Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

⁴ Contributions made after the measurement date of August 31, 2021 and before the cost-sharing employer's Fiscal Year End need to be recognized as deferred outflows in accordance with Paragraph No. 68 of GASB No. 75. At the end of FY22, each reporting entity shall determine their contributions during this period and add this amount to their allocated portion of these deferred outflows.

3. Change in Deferred Outflows of Resources and Deferred Inflows of Resources

	Change in Deferred Outflows of Resources	Change in Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ (412,406,199)
Changes of assumptions	543,123,363	(3,124,027,935)
Net difference between projected and actual earnings on OPEB plan investments	<u>(3,508,270)</u>	<u>0</u>
Total	\$ 539,615,093	\$ (3,536,434,134)

4. Change in Balance Sheet Items

Change in Net OPEB Liability	\$ 2,830,875,711
Change in deferred outflows	(539,615,093)
Change in deferred inflows	(3,536,434,134)
Employer contributions	<u>807,461,391</u>
Total OPEB expense	\$ (437,712,125)

Contributions made after the measurement date of August 31, 2021 and before the end of FY22 are to be recognized as deferred outflows. Those amounts are not reflected in Sections D.3. or D.4. above, as Sections D.3. and D.4. illustrate changes between the two measurement dates, rather than contributions made subsequent to the measurement date.

5. Amounts reported as Deferred Outflows/(Inflows) of resources will be recognized in OPEB expense as follows:

Measurement Year Ending August 31	Amount
2022	\$(1,816,172,734)
2023	(581,225,588)
2024	(112,534,373)
2025	(47,746,595)
2026	144,496,686
Thereafter	0

E. Payable to the OPEB Plan

At the end of FY22, the Employer reported a payable of \$TBD¹ for the outstanding amount of contributions to the OPEB plan required for fiscal years ending on or before August 31, 2022.

¹ Each cost-sharing employer shall determine this amount, if any, at the end of FY22.

F. Change in Proportionate Share

In accordance with Paragraph No. 96f of GASB No. 75, the Employer shall provide a brief description of the nature of changes between the measurement date of the collective net OPEB liability and the Employer's reporting date that are expected to have a significant effect on the Employer's proportionate share of the collective net OPEB liability, and the amount of the expected resultant change in the Employer's proportionate share of the collective net OPEB liability, if known.

Section III – Required Supplementary Information

A. Information to be Presented for Each Cost-Sharing Employer

Each employer shall include information in its Required Supplementary Information that comports with the requirements of Paragraph No. 97 of GASB No. 75.

See Section V of this report for each employer’s proportionate share.

B. Notes to the Required Schedules

Per Paragraph No. 98 of GASB No. 75, the employer should disclose factors that significantly affect trends in the amounts reported. For example, changes in benefit provisions, changes in the size or composition of the population covered by the benefit terms or changes in actuarial methods and assumptions should be identified.

1. Significant Methods and Assumptions

Valuation Date: August 31, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Amortization period	30 years
Asset valuation method	Not applicable
Inflation	2.30%
Healthcare cost trend rates	
Medical (HealthSelect)	5.25% for FY2023, 5.15% for FY2024, 5.00% for FY2025, 4.75% for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2030 and later years
Medical (HealthSelect Medicare Advantage)	0.00% for FY2023, 66.67% for FY2024, 24.00% for FY2025, 4.75% for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2030 and later years
Pharmacy	10.00% for FY2023, 10.00% for FY2024, decreasing 100 basis points per year to 5.00% for FY2029 and 4.30% for FY2030 and later years
Salary increases	2.30% to 9.05%, including inflation
Discount rate	2.14%
Aggregate payroll growth	2.70%
Retirement age	Experience-based tables of rates that are specific to the class of employee.

Mortality

1. State Agency Members
 - a. Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes):
 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020.
 - b. Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes):
 2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively.
 - c. Active Members:
 Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2010.
2. Higher Education Members
 - a. Service Retirees, Survivors and other Inactive Members:
 Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
 - b. Disability Retirees:
 Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
 - c. Active Members:
 Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

2. Factors that Significantly Affect Trends in Amounts Reported

- a. The following assumptions or other inputs have been updated since the previous valuation:

- i. **Demographic Assumptions**

The following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.

ii. **Economic Assumptions**

- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations.
- Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions.

Minor benefit changes described below have been reflected in the FY2022 Assumed Per Capita Health Benefits Costs.

iii. **Other Inputs**

The discount rate was changed from 2.20% to 2.14% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Please see our previous GASB No. 75 valuation report dated March 4, 2021 for a complete list of our previous assumptions and other inputs.

- b. Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2022, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.



Section IV – Additional Information

A. Schedule of Changes in the Employer’s Net OPEB Liability and Related Ratios

Last 10 Fiscal Years^{1,2}

	Measurement Year Ended August 31				
	2021	2020	2019	2018	2017
1. Total OPEB Liability					
a. Service cost	\$ 1,564,917,848	\$ 1,539,978,468	\$ 1,206,105,801	\$ 1,495,979,208	\$ 2,303,978,626
b. Interest	755,312,066	1,063,158,517	1,221,955,155	1,261,854,477	1,225,588,297
c. Changes of benefit terms	0	0	0	0	0
d. Differences between expected and actual experience	(15,785,855)	(818,423,526)	(89,008,957)	(935,688,538)	(501,666,343)
e. Changes of assumptions	1,325,578,401 ³	(2,520,336,975) ⁴	3,006,228,472 ⁵	(5,924,044,741) ⁶	(8,728,820,673) ⁷
f. Benefit payments, including refunds of employee contributions ⁸	(768,441,310)	(737,408,414)	(740,841,378)	(662,722,913)	(728,548,091)
g. Net Change in Total OPEB Liability	\$ 2,861,581,150	\$ (1,473,031,930)	\$ 4,604,439,093	\$ (4,764,622,507)	\$ (6,429,468,184)
h. Total OPEB Liability – Beginning	33,149,579,149	34,622,611,079	30,018,171,986	34,782,794,493	41,212,262,677
i. Total OPEB Liability – Ending	\$ 36,011,160,299	\$ 33,149,579,149	\$ 34,622,611,079	\$ 30,018,171,986	\$ 34,782,794,493
2. Plan Fiduciary Net Position					
a. Contributions – employer	\$ 766,689,167	\$ 748,369,212	\$ 401,284,833	\$ 307,028,461	\$ 892,204,840
b. Contributions – Non-Employer Contributing Entity	39,188,518	37,736,903	20,182,872	16,585,270	45,035,437
c. Contributions – employee	192,426,941	230,151,101	209,836,664	203,123,120	195,806,162
d. Contributions – Federal Revenues for Medicare Part D Retiree Drug Subsidies	1,583,706	1,768,189	1,479,713	1,417,806	1,658,573
e. Contributions – adjustments	0	0	0	0	(2,071,361)
f. Net investment income	233,492	1,336,271	3,323,499	10,906,797	4,516,817
g. Benefit payments, including refunds of employee contributions	(768,441,310)	(737,408,414)	(740,841,378)	(662,722,913)	(728,548,091)
h. Benefit payments financed by employee contributions and Federal Revenues	(298,455,540)	(339,481,418)	(297,746,318)	(276,198,100)	(267,267,712)
i. Administrative expense	(8,607,491)	(6,814,878)	(6,008,207)	(5,817,620)	(5,628,689)
j. Other – Federal Revenues ⁹	106,028,599	109,330,317	87,909,654	73,074,980	71,461,550
k. Other additions	59,357	23,705	85,470	3,249,101	356,575
l. Net Change in Plan Fiduciary Net Position	\$ 30,705,439	\$ 45,010,988	\$ (320,493,198)	\$ (329,353,098)	\$ 207,524,101
m. Plan Fiduciary Net Position – Beginning	104,947,452	59,936,464	380,429,662	709,782,760	502,258,659
n. Plan Fiduciary Net Position – Ending	\$ 135,652,891	\$ 104,947,452	\$ 59,936,464	\$ 380,429,662	\$ 709,782,760
3. Employer’s Net OPEB Liability – Ending [Item 1(i) – 2(n)]	\$ 35,875,507,408	\$ 33,044,631,697	\$ 34,562,674,615	\$ 29,637,742,324	\$ 34,073,011,733
4. Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.38%	0.32%	0.17%	1.27%	2.04%
5. Covered-Employee Payroll	\$ 12,586,390,133	\$ 12,655,246,687	\$ 12,320,028,164	\$ 12,047,166,658	\$ 11,745,310,057
6. Employer’s Net OPEB Liability as a Percentage of Covered-Employee Payroll	285.03%	261.11%	280.54%	246.01%	290.10%

See Notes to Schedule on following page.

Notes to Schedule:

- ¹ Until a full 10-year trend is compiled, governments should present information for those years for which information is available.
- ² Information is presented using a measurement date on the last day of the preceding fiscal year (e.g., a measurement date of August 31, 2021 was used for FY22).
- ³ Changes in assumptions and other inputs for measurement year ended August 31, 2021 include (a) discount rate decreased from 2.20% to 2.14%, (b) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (c) percentage of members assumed to be married and electing coverage for their spouse, (d) proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement, (e) the percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date, (f) the annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and (g) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends. In addition, the assumption for expenses directly related to the payment of GBP HealthSelect medical benefits has been updated to reflect recent contract revisions.
- ⁴ Changes in assumptions and other inputs for measurement year ended August 31, 2020 include (a) demographic assumptions (including rates of retirement, termination and mortality and assumed salary increases for select classes of State Agency members), (b) assumed aggregate payroll increases and rate of general inflation, (c) discount rate decreased from 2.97% to 2.20%, (d) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (e) percentage of female members assumed to be married and electing coverage for their spouse, (f) proportion of future retirees assumed to cover dependent children, (g) assumed PCORI fees and (h) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends.
- ⁵ Changes in assumptions and other inputs for measurement year ended August 31, 2019 include (a) discount rate decreased from 3.96% to 2.97%, (b) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (c) percentage of male members assumed to be married and electing coverage for their spouse, (d) percentage of future retirees and future retiree spouses assumed to use tobacco and (e) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends.
- ⁶ Changes in assumptions and other inputs for measurement year ended August 31, 2018 include (a) demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members, (b) discount rate increased from 3.51% to 3.96%, (c) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (d) percentage of members assumed to be married and electing coverage for their spouse, and (e) assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost Retiree Contribution, and Expense trends.
- ⁷ Changes in assumptions and other inputs for measurement year ended August 31, 2017 include (a) demographic assumptions (including rates of retirement, disability, termination, and mortality, assumed salary increases and assumed age difference for future retirees and their spouses for select classes of State Agency members), (b) assumed aggregate payroll increases and rate of general inflation, (c) discount rate increased from 2.84% to 3.51%, (d) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (e) proportion of future retirees covering dependent children, (f) percentage of members assumed to be married and electing coverage for their spouse, and (g) assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost Retiree Contribution, and Expense trends.
- ⁸ Benefit payments include expenses directly related to the payment of benefits and are net of member contributions and Federal Revenues.
- ⁹ Excludes Federal Revenues for Medicare Part D Retiree Drug Subsidies.

B. Detailed Calculations of Certain Components of OPEB Expense

	Measurement Year Ended August 31, 2021 and Employer Reporting for Fiscal Years Ending on or before August 31, 2022
1. Interest on Total OPEB Liability	
a. Total OPEB Liability on prior Measurement Date (August 31, 2020)	\$ 33,149,579,149
b. Service Cost	\$ 1,564,917,848
c. Benefit Payments	\$ 768,441,310
d. Discount Rate as of prior Measurement Date (August 31, 2020)	2.20%
e. Interest on Total OPEB Liability $[(a. + b.) \times d.] - \{c. \times [(1+d.)^{0.5} - 1]\}$	\$ 755,312,066
2. Projected Earnings on OPEB Plan Investments	
a. Plan Fiduciary Net Position on prior Measurement Date (August 31, 2020)	\$ 104,947,452
b. Contributions – employer	\$ 766,689,167
c. Contributions – Non-Employer Contributing Entity	\$ 39,188,518
d. Contributions – employee	\$ 192,426,941
e. Contributions – Federal Revenues for Medicare Part D RDS	\$ 1,583,706
f. Other (Federal Revenues)	\$ 106,028,599
g. Other (Other Additions)	\$ 59,357
h. Benefit Payments	\$ 768,441,310
i. Administrative Expense	\$ 8,607,491
j. Benefit payments financed by employee contributions and Federal Revenues	\$ 298,455,540
k. Expected Rate of Return on Plan Assets as of prior Measurement Date (August 31, 2020)	2.20%
l. Projected Earnings on OPEB Plan Investments $(a. \times k.) + \{(b. + c. + d. + e. + f. + g. - h. - i. - j.) \times [(1 + k.)^{0.5} - 1]\}$	\$ 2,642,212

C. Changes in Liabilities Since the Prior Valuation

The Total OPEB Liability and the **Normal Cost** have both increased since the prior valuation due to the combined effect of growth due to passage of time, Actuarial Gains and changes to the Actuarial Assumptions.

An **Actuarial Gain or Loss** occurs from one valuation to the next if the experience of the plan differs from that anticipated by the actuarial assumptions. The plan experienced actuarial gains in the Total OPEB Liability and Normal Cost during the fiscal year ending August 31, 2021 as shown in the table on the next page.

The **Actuarial Assumptions** are used to project the demographic events and economic forces that affect the cost of the plan. Since the last valuation was prepared for this plan, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations. Furthermore, (a) the percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (b) the percentage of future retirees assumed to be married and electing coverage for their spouse, (c) the proportion of future retirees assumed to elect health coverage at retirement and the proportion of future retirees expected to receive the Opt-Out Credit at retirement, (d) the percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date and (e) the annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act have been updated to reflect recent plan experience and expected trends. In addition, the assumption for expenses directly related to the payment of GBP HealthSelect medical benefits has been updated to reflect recent contract revisions.

Lastly, the discount rate was changed from 2.20% to 2.14% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Since the last valuation was prepared for this plan, minor benefit changes have been adopted which became effective September 1, 2021. These changes, which are not expected to have a significant impact on plan costs for FY2022, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

The table below summarizes the effects of significant factors affecting the Total OPEB Liability and the Normal Cost. Because 100% of the Normal Cost is attributable to Active plan members while only 53% of the Total OPEB Liability is attributable to Active plan members, these factors affect the Total OPEB Liability and the Normal Cost differently. Additionally, due to the mechanics of the Entry Age cost method, some factors affect the Active Total OPEB Liability and Normal Cost differently as well.

Changes to Liability Since the Prior Valuation		
Factor	Approximate Increase / (Decrease)	
	Total OPEB Liability (in \$ thousands)	Normal Cost (in \$ thousands)
Growth due to passage of time ¹	\$ 1,551,789	\$ 34,428
Actuarial (Gains)/Losses	(15,786)	(41,686)
Assumption Changes Other than Discount Rate ²	968,924	31,244
Discount Rate Assumption Change	356,654	28,148
Total	\$ 2,861,581	\$ 52,134

¹ Since OPEB is funded on a PAYGO basis, the excess of (a) the Normal Cost plus (b) interest over (c) the PAYGO contribution increases the Total OPEB Liability. Since the Normal Cost is determined as a level percentage of payroll, it will increase due to payroll growth resulting from growth in the number of active employees and inflationary increases in the salaries.

² Includes minor plan benefit changes as reflected in the FY2022 Assumed Per Capita Health Benefit Costs.

Section V - Proportionate Share for Each Employer

Each employer shall apply their allocation percentage to the Net OPEB Liability of \$35,875,507,408, to the sensitivities of the Net OPEB Liability to changes in the discount rate and the healthcare cost trend rates as shown on page II-5 of this report, to the OPEB Expense of \$(437,712,125), to the Deferred Outflows of Resources of \$2,462,531,602 and to the Deferred Inflows of Resources of \$4,875,714,206 to determine their proportionate share of each of these accounting entries. (See Appendices for additional details about the Deferred Outflows/Inflows of Resources.) The allocation percentages presented in the table below were determined by ERS and are as of August 31, 2021 to be used for reporting fiscal years ending on or before August 31, 2022.

In addition, pursuant to paragraph 64 of GASB No. 75, if there is a change in the employer's proportion of the collective net OPEB liability since the prior measurement date, the net effect of that change on the employer's proportionate shares of the collective net OPEB liability and collective deferred outflows of resources and deferred inflows of resources related to OPEB, determined as of the beginning of the measurement period, should be recognized in the employer's OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period. For this purpose, the length of the expense recognition period should be equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active members and inactive members) determined as of the beginning of the measurement period. The amount not recognized in the employer's OPEB expense should be reported as a deferred outflow of resources or deferred inflow of resources related to OPEB. [See Q/A #4.193 and Illustration B4-3 of GASB's Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).]

Summary of Employer Allocations by Reporting Entity

STATE OF TEXAS		
State Matching funds:		
¹ Non-Employer Contributing Entity (NECE)	184,094,737.00	6.12526970%
Employer Contributions - State Universities	176,968,642.00	5.88816758%
² Other Entities - State	75,477,513.15	2.51131636%
Employer Contributions - State Agencies	2,020,521,064.80	67.22754092%
Employees Retirement System of Texas - Plan Administrator	5,226,404.98	0.17389492%
Total - STATE OF TEXAS	2,462,288,361.93	81.92618949%
ALL OTHER EMPLOYERS		
Other Entities - Universities	286,086,859.68	9.51879018%
Other Entities - Junior and Community Colleges	245,228,133.89	8.15932320%
Other Entities	11,892,661.61	0.39569713%
Total - ALL OTHER EMPLOYERS	543,207,655.18	18.07381052%
GRAND TOTAL	3,005,496,017.11	100.00000000%
OPEB Liability	35,875,507,408.00	



**Employees Retirement System of Texas
Schedule of Employer Allocations for Other Postemployment Benefits (OPEB)
for the Measurement Year Ending August 31, 2021
for Reporting Fiscal Years Ending on or before August 31, 2022**

Agency		Agency Name	For the Measurement Year Ended August 31, 2021 - Actual Employer Contributions	Employer Allocation Percentage
0902	¹	State of Texas Non-Employer Contributing Entity (NECE)	184,094,737.00	6.12526970%
0902		State of Texas Employer for Universities	176,968,642.00	5.88816758%
0902	²	Other Entities - State	75,477,513.15	2.51131636%
Employer Contributions - State Agencies				
0101		Senate	6,865,477.14	0.22843075%
0102		House of Representatives	10,283,720.30	0.34216383%
0103		Texas Legislative Council	5,162,597.56	0.17177190%
0104		Legislative Budget Board	1,711,073.82	0.05693150%
0105		Legislative Reference Library	287,014.48	0.00954965%
0116		Sunset Advisory Commission	347,909.54	0.01157578%
0201		Supreme Court	932,994.24	0.03104294%
0202		State Bar of Texas	3,787,076.58	0.12600504%
0203		Board of Law Examiners	309,538.38	0.01029908%
0211		Court of Criminal Appeals	861,418.20	0.02866143%
0212		Office of Court Administration	3,154,397.10	0.10495429%
0213		State Prosecuting Attorney	90,389.44	0.00300747%
0215		Office of Capital and Forensic Writs	173,960.94	0.00578809%
0221		Court of Appeals - First Court of Appeals District	568,664.06	0.01892081%
0222		Court of Appeals - Second Court of Appeals District	497,855.72	0.01656484%
0223		Court of Appeals - Third Court of Appeals District	491,832.02	0.01636442%
0224		Court of Appeals - Fourth Court of Appeals District	425,274.24	0.01414989%
0225		Court of Appeals - Fifth Court of Appeals District	830,952.56	0.02764777%
0226		Court of Appeals - Sixth Court of Appeals District	237,905.06	0.00791567%
0227		Court of Appeals - Seventh Court of Appeals District	300,015.02	0.00998221%
0228		Court of Appeals - Eighth Court of Appeals District	261,179.16	0.00869005%
0229		Court of Appeals - Ninth Court of Appeals District	275,703.06	0.00917330%
0230		Court of Appeals - Tenth Court of Appeals District	210,004.66	0.00698735%
0231		Court of Appeals - Eleventh Court of Appeals District	248,964.36	0.00828364%
0232		Court of Appeals - Twelfth Court of Appeals District	235,536.54	0.00783686%
0233		Court of Appeals - Thirteenth Court of Appeals District	423,506.94	0.01409108%
0234		Court of Appeals - Fourteenth Court of Appeals District	564,742.10	0.01879031%
0241		Comptroller - Judiciary Section	11,975,014.93	0.39843723%
0242		State Commission on Judicial Conduct	187,605.48	0.00624208%
0243		State Law Library	125,312.32	0.00416944%
0300		Governor - Fiscal	1,538,725.58	0.05119706%
0301		Governor - Executive	2,110,057.88	0.07020664%
0302		Attorney General	51,768,236.27	1.72245233%
0303		Texas Facilities Commission	5,802,360.09	0.19305832%
0304		Comptroller of Public Accounts	42,631,094.63	1.41843790%
0305		General Land Office	9,786,950.14	0.32563511%
0306		Texas State Library and Archives Commission	2,126,485.10	0.07075322%
0307		Secretary of State	2,734,566.08	0.09098552%
0308		State Auditor	2,584,401.16	0.08598917%
0312		State Securities Board	1,122,208.42	0.03733854%
0313		Department of Information Resources	3,148,244.61	0.10474959%
0320		Texas Workforce Commission	68,044,093.45	2.26398881%



**Employees Retirement System of Texas
Schedule of Employer Allocations for Other Postemployment Benefits (OPEB)
for the Measurement Year Ending August 31, 2021
for Reporting Fiscal Years Ending on or before August 31, 2022**

Agency	Agency Name	For the Measurement Year Ended August 31, 2021 - Actual Employer Contributions	Employer Allocation Percentage
0323	Teacher Retirement System of Texas	10,391,402.58	0.34574668%
0326	Texas Emergency Services Retirement System	63,427.36	0.00211038%
0329	Texas Real Estate Commission – Semi-Independent	1,790,309.28	0.05956785%
0332	Texas Department of Housing and Community Affairs	4,270,555.44	0.14209154%
0338	State Pension Review Board	193,076.94	0.00642413%
0347	Texas Public Finance Authority	166,546.88	0.00554141%
0352	Bond Review Board	140,624.82	0.00467892%
0356	Texas Ethics Commission	389,244.22	0.01295108%
0359	Office Of Public Insurance Counsel	128,333.34	0.00426996%
0360	State Office of Administrative Hearings	1,702,538.63	0.05664751%
0362	Texas Lottery Commission	4,116,861.56	0.13697778%
0364	Health Professions Council	75,724.46	0.00251953%
0401	Texas Military Department	6,714,545.33	0.22340889%
0403	Texas Veterans Commission	3,818,411.12	0.12704762%
0405	Department of Public Safety	143,404,501.45	4.77140880%
0407	Texas Commission on Law Enforcement	728,028.72	0.02422325%
0409	Commission on Jail Standards	257,076.36	0.00855354%
0411	Texas Commission on Fire Protection	559,316.04	0.01860978%
0448	Office of Injured Employee Counsel – Administered by 454	1,863,187.84	0.06199269%
0450	Department of Savings and Mortgage Lending – Semi-Independent	704,716.98	0.02344761%
0451	Texas Department of Banking – Semi-Independent	2,429,629.34	0.08083955%
0452	Texas Department of Licensing and Regulation	5,763,136.00	0.19175324%
0454	Texas Department of Insurance	22,022,654.54	0.73274609%
0455	Railroad Commission of Texas	12,982,642.49	0.43196339%
0456	Texas State Board of Plumbing Examiners	457,620.89	0.01522614%
0457	Texas State Board of Public Accountancy – Semi-Independent	505,874.88	0.01683166%
0458	Texas Alcoholic Beverage Commission	9,446,101.81	0.31429427%
0459	Texas Board of Architectural Examiners – Semi-Independent	288,931.26	0.00961343%
0460	Texas Board of Professional Engineers and Land Surveyors – Semi-Independent	547,932.66	0.01823102%
0466	Office of Consumer Credit Commissioner – Semi-Independent	854,504.34	0.02843139%
0469	Credit Union Department – Semi-Independent	373,434.84	0.01242507%
0473	Public Utility Commission of Texas	2,598,351.75	0.08645334%
0475	Office of Public Utility Counsel	179,403.98	0.00596920%
0476	Texas Racing Commission	681,427.50	0.02267271%
0477	Commission on State Emergency Communications	287,631.52	0.00957019%
0479	State Office of Risk Management	1,276,365.46	0.04246771%
0481	Texas Board of Professional Geoscientists	37,489.20	0.00124736%
0503	Texas Medical Board	2,323,434.82	0.07730620%
0504	State Board of Dental Examiners	575,853.64	0.01916002%
0507	Texas Board of Nursing	1,190,475.20	0.03960994%
0508	Texas Board of Chiropractic Examiners	109,202.98	0.00363344%
0510	Behavioral Health Executive Co	471,994.14	0.01570437%
0513	Texas Funeral Service Commission	124,145.92	0.00413063%
0514	Texas Optometry Board	84,986.22	0.00282769%
0515	Texas State Board of Pharmacy	1,275,403.38	0.04243570%
0520	Texas State Board of Examiners of Psychologists	7,497.84	0.00024947%
0529	Health and Human Services Commission	474,785,573.23	15.79724513%
0530	Department of Family and Protective Services	135,820,160.56	4.51905974%
0533	Executive Council of Physical and Occupational Therapy Examiners	257,904.72	0.00858110%
0537	Department of State Health Services	65,045,851.79	2.16423018%
0542	Cancer Prevention and Research Institute of Texas	309,645.32	0.01030264%
0551	Department of Agriculture	9,776,775.78	0.32529658%
0554	Texas Animal Health Commission	3,212,540.44	0.10688886%
0578	State Board of Veterinary Medical Examiners	214,400.16	0.00713360%
0580	Texas Water Development Board	5,372,252.42	0.17874761%



**Employees Retirement System of Texas
Schedule of Employer Allocations for Other Postemployment Benefits (OPEB)
for the Measurement Year Ending August 31, 2021
for Reporting Fiscal Years Ending on or before August 31, 2022**

Agency	Agency Name	For the Measurement Year Ended August 31, 2021 - Actual Employer Contributions	Employer Allocation Percentage
0582	Texas Commission on Environmental Quality	37,860,984.78	1.25972500%
0592	Soil and Water Conservation Board	846,080.16	0.02815110%
0601	Texas Department of Transportation	220,669,411.63	7.34219611%
0608	Texas Department of Motor Vehicles	8,374,678.02	0.27864545%
0644	Texas Juvenile Justice Department	30,069,955.52	1.00049893%
0696	Texas Department of Criminal Justice	450,730,940.42	14.99689029%
0701	Texas Education Agency	16,210,402.75	0.53935865%
0771	Texas School for the Blind and Visually Impaired	4,708,925.55	0.15667715%
0772	Texas School for the Deaf	5,998,418.41	0.19958165%
0781	Texas Higher Education Coordinating Board	3,942,863.28	0.13118844%
0802	Parks and Wildlife Department	46,337,464.33	1.54175764%
0808	Texas Historical Commission	3,184,550.20	0.10595756%
0809	State Preservation Board	1,919,051.89	0.06385142%
0813	Texas Commission on the Arts	174,741.98	0.00581408%
0907	Comptroller - State Energy Conservation Office	161,880.08	0.00538614%
0930	Texas Treasury Safekeeping Trust Company	935,996.07	0.03114282%
	Total of Employer Contributions - State Agencies	2,020,521,064.80	
	Other Entities - Universities		
0717	Texas Southern University	7,608,086.90	0.25313914%
0719	Texas State Technical College System	5,664,554.70	0.18847321%
0730	University of Houston	42,882,337.45	1.42679735%
0731	Texas Woman's University	10,470,271.40	0.34837083%
0733	Texas Tech University	38,968,745.36	1.29658283%
0734	Lamar University	7,972,955.73	0.26527920%
0735	Midwestern State University	4,882,536.26	0.16245359%
0737	Angelo State University	5,386,751.77	0.17923004%
0739	Texas Tech University Health Sciences Center	25,279,345.67	0.84110395%
0752	University of North Texas	30,862,674.75	1.02687459%
0753	Sam Houston State University	17,120,309.98	0.56963343%
0754	Texas State University	29,662,901.61	0.98695528%
0755	Stephen F. Austin State University	13,655,454.97	0.45434946%
0756	Sul Ross State University	2,197,685.70	0.07312223%
0758	Texas State University System	275,141.92	0.00915463%
0759	University of Houston - Clear Lake	6,292,539.89	0.20936777%
0763	University of North Texas Health Science Center at Fort Worth	7,932,906.66	0.26394667%
0765	University of Houston - Victoria	2,632,526.85	0.08759043%
0768	Texas Tech University System	1,109,372.16	0.03691145%
0769	University of North Texas System	3,240,073.30	0.10780494%
0773	University of North Texas at Dallas	1,897,494.83	0.06313417%
0774	Texas Tech University Health Sciences Center - El Paso	9,813,941.58	0.32653318%
0783	University of Houston System	474,887.74	0.01580064%
0784	University of Houston - Downtown	7,448,604.07	0.24783277%
0787	Lamar State College - Orange	621,983.02	0.02069485%
0788	Lamar State College - Port Arthur	847,419.11	0.02819565%
0789	Lamar Institute of Technology	885,356.30	0.02945791%
	Total of Other Entities - Universities	286,086,859.68	

**Employees Retirement System of Texas
Schedule of Employer Allocations for Other Postemployment Benefits (OPEB)
for the Measurement Year Ending August 31, 2021
for Reporting Fiscal Years Ending on or before August 31, 2022**

Agency	Agency Name	For the Measurement Year Ended August 31, 2021 - Actual Employer Contributions	Employer Allocation Percentage
	Other Entities - Junior and Community Colleges		
0948	South Texas Community College	11,517,330.14	0.38320896%
0949	Collin County Community College District	9,777,052.65	0.32530579%
0951	Alvin Community College	2,555,869.81	0.08503987%
0952	Amarillo College	5,397,470.00	0.17958666%
0953	Coastal Bend College	1,520,770.00	0.05059964%
0954	Blinn College	5,340,010.52	0.17767485%
0955	Central Texas College	4,671,295.39	0.15542511%
0956	Cisco Junior College	1,098,130.66	0.03653742%
0957	Clarendon College	686,012.06	0.02282525%
0958	Cooke County College	2,359,245.64	0.07849771%
0959	Dallas County Community College	23,519,645.80	0.78255455%
0960	Del Mar College	5,617,400.55	0.18690428%
0961	Frank Phillips College	750,643.06	0.02497568%
0962	Galveston College	1,119,342.20	0.03724318%
0963	Grayson County College	2,249,130.88	0.07483393%
0964	Trinity Valley Community College	2,586,899.20	0.08607229%
0965	Hill College	1,272,528.14	0.04234004%
0966	³ Howard College	2,140,241.00	0.07121091%
0967	Kilgore College	2,427,884.50	0.08078149%
0968	Laredo Junior College	3,836,172.60	0.12763859%
0969	Lee College	3,292,912.22	0.10956302%
0970	McLennan Community College	4,225,945.78	0.14060727%
0971	College Of The Mainland	2,606,448.70	0.08672275%
0972	Navarro College	2,575,891.02	0.08570602%
0973	Odessa College	2,477,378.08	0.08242826%
0974	Panola College	1,230,285.06	0.04093451%
0975	Paris Junior College	1,890,710.28	0.06290843%
0976	Ranger Junior College	738,852.54	0.02458338%
0977	Alamo Community College	17,278,688.69	0.57490306%
0978	San Jacinto College	9,704,476.84	0.32289102%
0979	South Plains College	5,061,243.52	0.16839961%
0980	Southwest Texas Counties Junior College	2,290,517.60	0.07621097%
0981	Tarrant County College District	15,245,424.09	0.50725152%
0982	Temple College	2,129,771.77	0.07086257%
0983	Texarkana College	1,723,505.82	0.05734514%
0984	Texas Southmost College	1,316,258.91	0.04379506%
0985	Tyler Junior College	4,714,846.49	0.15687416%
0986	Victoria College	2,383,145.48	0.07929292%
0987	Weatherford College	1,970,098.17	0.06554985%
0988	Wharton County Junior College	2,728,377.64	0.09077961%
0989	Angelina College	1,910,829.13	0.06357783%
0990	Brazosport College	2,002,471.18	0.06662698%
0991	Vernon Regional Junior College	1,590,857.18	0.05293160%
0992	Western Texas College	985,241.74	0.03278134%
0993	El Paso Community College	7,695,681.09	0.25605361%
0994	Houston Community College	15,448,377.08	0.51400424%
0995	Midland College	3,200,387.06	0.10648449%
0996	Lone Star College	18,888,527.47	0.62846623%
0997	Austin Community College	15,753,563.38	0.52415852%
0998	Northeast Texas Community College	1,724,345.08	0.05737306%
	Total of Other Entities - Junior and Community Colleges	245,228,133.89	



**Employees Retirement System of Texas
 Schedule of Employer Allocations for Other Postemployment Benefits (OPEB)
 for the Measurement Year Ending August 31, 2021
 for Reporting Fiscal Years Ending on or before August 31, 2022**

Agency	Agency Name	For the Measurement Year Ended August 31, 2021 - Actual Employer Contributions	Employer Allocation Percentage
	Other Entities		
0602	Turnpike Authority	328,044.28	0.01091481%
0851	Texas Cooperative Inspection Program	1,061,590.84	0.03532165%
0897	Texas County District Retirement System	1,351,038.29	0.04495226%
0898	Texas Municipal Retirement System	1,209,031.82	0.04022736%
8696	Windham School District	7,942,956.38	0.26428105%
	Total of Other Entities	11,892,661.61	
0327	Plan Administrator Employees Retirement System of Texas	5,226,404.98	0.17389492%
	GRAND TOTAL of Schedule of Employer Allocation	3,005,496,017.11	100.00000000%

¹ State of Texas Non Employer Contributing Entity (NECE) represents the Fund 0001 portion for Junior Colleges.

² Other Entities - State
 University of Texas Medical Branch at Galveston
 Community Supervision & Corrections Departments (CSCD) - Department of
 Criminal Justice
 UT Mental Sciences Institute

³ Howard College and Southwest Collegiate Institute for the Deaf are a part of the Howard County Junior College District

All contributions by employers and NECE to the Group Employees Life, Accident and Health Insurance and Benefits Fund Program (GBP) are available to pay claims of active and retired members. Employer and NECE contributions are based on a blended rate.

Allocation of the OPEB liability and related accounts should be based on the total contributions that are available to pay current and future claims of the OPEB plan, as this best reflects the relationship between the contributions and the collective net OPEB liability. The above schedule for Fiscal Year 2021 are based on both active and retiree contributions.

To the best of our knowledge, the information contained within this schedule is accurate and fairly presented in conformity with GASB 74 and 75.

Additional related documents available on the ERS website include:
 ERS Comprehensive Annual Financial Report (CAFR) for FY 2021
 Governmental Accounting Standards Board (GASB) No. 74 Actuarial Valuation of the OPEB provided under the Texas Group Benefits Program (Texas GBP) for fiscal year 2021
 GASB No. 75 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year ending 2021
 Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund for ERS FY 2021

Section VI - Actuarial Methods and Assumptions

A. Actuarial Methods

1. Actuarial Funding Method

The Entry Age (or Entry Age Normal as generally used in the Actuarial Standards of Practice) actuarial funding method is used in determining the contribution requirements for the plan. The actuarial funding method is the procedure by which the actuary determines a series of annual contributions which, along with current assets and future investment earnings, will fund the expected plan benefits. The Entry Age funding method compares the excess of the actuarial present value of projected benefit payments over the fiduciary net position (or current value of plan assets). This difference represents the expected present value of current and future contributions that will be paid into the plan. The contributions are divided into two components: an annual Normal Cost and an amortization charge for the Net OPEB Liability (or unfunded accrued liability).

The Normal Cost for the plan is the sum of individually determined Normal Costs for each active member. Each active member's Normal Cost is the current annual contribution in a series of annual contributions which, if made throughout the member's total period of employment, would fund his expected benefits from the plan. Each member's Normal Cost is calculated to be a constant percentage of his expected compensation in each year of employment.

The plan's Total OPEB Liability (or current accrued liability) is the excess of the actuarial present value of projected benefit payments over the present value of all future remaining Normal Cost contributions for all active members. The Net OPEB Liability (or unfunded accrued liability) is the amount by which the Total OPEB Liability exceeds the fiduciary net position. The Net OPEB Liability is recalculated each time a valuation is performed and is amortized as a level percentage of projected payroll in accordance with employer funding goals and GASB guidelines. Experience gains and losses, which represent deviations of the Net OPEB Liability from its expected value based on the prior valuation, are determined at each valuation and are amortized as part of the Net OPEB Liability.

2. Fiduciary Net Position

The Fiduciary Net Position is equal to the fair market value of plan assets as determined by the plan administrator, including any receivable contributions made for a prior plan year which were not recognized by the plan administrator as of the asset valuation date.

B. Actuarial Assumptions

The actuarial valuation of the GBP OPEB requires the use of numerous actuarial assumptions many of which are similar to the assumptions used in performing the actuarial valuations of the retirement plans in which the GBP members participate. State agency members participate in the ERS retirement plan while many higher education members participate in the TRS retirement plan. For consistency with those valuations, for purposes

of our valuation of the GBP OPEB we have utilized the applicable assumptions previously adopted by the Trustees of the respective systems at the time our valuation is performed. In other words, we have used applicable ERS retirement plan assumptions for the valuation of OPEB for state agency members and, except as indicated below, we have used TRS retirement plan assumptions for the valuation of OPEB for higher education members. It should be noted that we have applied the TRS assumptions to all higher education members including those who have opted to participate in the optional retirement plan (ORP) instead of TRS. Although it may be preferable to eventually develop a body of data that would enable ORP specific assumptions to be used, such data does not presently exist. In the absence of such data, it is our opinion that the TRS demographic and pay-related assumptions can be reasonably applied to ORP participants.

In addition to the assumptions used in the retirement plan valuations, the OPEB valuation also requires numerous unique assumptions developed as follows.

1. The following assumptions are based on actual GBP experience.
 - a) Percentages of future retired members electing coverage for a spouse and/or dependent children.
 - b) Percentages of (i) current retirees and retiree spouses not yet eligible for HealthSelect Medicare Advantage participation and (ii) future retirees and retiree spouses who will elect to participate in HealthSelect Medicare Advantage at the earliest date at which such coverage can commence.
 - c) Percentages of future retirees and future retiree spouses assumed to use tobacco.
 - d) GBP expenses.
 - e) HealthSelect Per Capita Health Benefit Cost (Medical and Prescription Drugs) for Fiscal Year 2021 for Covered Retirees, Spouses and Dependent Children.
 - f) HealthSelect Medicare Advantage Per Capita Health Benefit Cost for Fiscal Year 2021 for Covered Retirees and Spouses;
 - i. Medical – Based on actual Medicare Advantage premiums guaranteed for the period CY2021 to CY2023.
 - ii. Prescription drug – Based on actual GBP experience.
2. Health Benefit Cost Trend, Trend Rate for Retiree Contributions and Expense Trend Rate are based on current experience and reasonable expectations concerning future experience.
3. Assumed Commencement Age if Eligible for OPEB following Termination is based upon reasonable expectations concerning future experience.

4. The following assumptions are based on actuarial judgment.
- a) Period of coverage for dependent children of current and future retirees.
 - b) Percentages of current and future retiree spouses and dependent children expected to continue coverage after the death of the retiree.
 - c) Percentages of future retirees assumed to elect coverage at retirement and remain covered until death.

The assumptions used in this report are summarized below.

1. **Demographic Assumptions**

The tables of decrements below contain rates (not probabilities) of decrement. Decrements are assumed to occur mid-year.

- a. **Mortality**: The members of the GBP are expected to exhibit mortality in accordance with the following mortality tables:
 - i. **State Agency Members (assumptions used in valuing the applicable ERS retirement plan)**
 - a) **Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes)**:
2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020. Sample Rates for base table shown below.

Annual Mortality Rates per 100 Individuals

<u>Age</u>	<u>Males</u>	<u>Females</u>
40	0.0585	0.0369
45	0.1028	0.0667
50	0.1771	0.1179
55	0.3052	0.2086
60	0.5260	0.3691
65	0.9066	0.6530
70	1.5627	1.1554
75	2.6933	2.0443
80	4.6421	3.6170
85	8.0010	6.3997
90	13.8587	11.3793

b) Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes):

2020 State Retirees of Texas Mortality table with a 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, respectively, and Ultimate MP Projection Scale projected from the year 2020.

c) Active Members*:

Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP Projection Scale from the year 2010.

* For Regular Employee Class and CPO/CO Class members, 1.0% of active deaths are assumed to be occupational.

ii. Higher Education Members (assumptions used in valuing the TRS retirement plan)

a) Service Retirees, Survivors and other Inactive Members:

Tables based on TRS experience with Ultimate MP Projection Scale projected from the year 2018. Illustrative base rates before applying the projection scale are shown in the table below.

Annual Rates of Inactive Member Mortality per 100 Members		
Age	Male	Female
50	0.1652	0.1080
60	0.4651	0.2668
70	1.4356	0.8969
80	4.6716	3.2270
90	15.2340	11.6359
100	49.0265	42.2361

b) Disability Retirees:

The same mortality as described in B.1.a.ii.a. above but using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.

c) Active Members:

Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale projected from the year 2014.

b. Retirement: A member is assumed to retire in accordance with the following annual rates:

i. State Agency Members (assumptions used in valuing the applicable ERS retirement plan)

a) Active Regular Employee Class Members:

ERS Decrement Service is used to determine when the rates apply for members hired before September 1, 2009:

- Age 60 with 5 years of service
- Rule of 80 with 5 years of service

ERS Decrement Service is used to determine when the rates apply for members hired after August 31, 2009:

- Age 65 with 10 years of service
- Rule of 80 with 5 years of service

Service retirement rates are determined by the first set of eligibility requirements satisfied:

- Eligibility A: Age plus eligibility service is greater than or equal to 80 (“Rule of 80”)
- Eligibility B: Retirement eligibility other than Rule of 80

Adjustments to the base rates are made to account for age at first eligibility or reduced retirement benefits, based on date of hire (described below sample table).

Sample rates for eligible members:

Annual Service Retirement Rates
Regular Employee Class Members (Males & Females)

<u>Age</u>	<u>Eligibility A Rule of 80</u>	<u>Eligibility B Other Age/Service</u>
<50	0.50	
50	0.40	
51	0.35	
52	0.30	
53	0.28	
54	0.27	
55	0.26	
56	0.25	
57	0.24	
58	0.23	
59	0.22	
60	0.21	0.18
61	0.20	0.12
62	0.33	0.20
63	0.27	0.18
64	0.27	0.18
65 - 74	0.27	0.27
75	1.00	1.00

Adjustments for members hired before September 1, 2009:

- Eligibility A: Add 0.30 at age of 1st eligibility

Adjustments for members hired on or after September 1, 2009, but before September 1, 2013:

- Eligibility A: Add 0.30 at age 60

Adjustments for members hired on or after September 1, 2013:

- Eligibility A: If age of 1st eligibility is before age 62, then
 - rates prior to age 62 are multiplied by 75% for each year prior to age 62
 - the rate at age 62 is the base table rate plus 0.20 plus 0.06 times the number of years the age at 1st eligibility was before age 62

b) Active Elected Class Members:

ERS Decrement Service is used to determine when the rates apply:

- Age 60 with 8 years of service
- Age 50 with 12 years of service

Sample rates for eligible members:

Annual Service Retirement Rates Per 100 Elected Class Members	
Age	Male and Female
50-61	10
62-74	20
75+	100

c) Active CPO/CO Employee Class Members:

CPO/CO Decrement Service is used to determine when the rates apply for members hired before September 1, 2009:

- Any age with 20 years CPO/CO service
- Age 55 with 10 years CPO/CO service

CPO/CO Decrement Service is used to determine when the rates apply for members hired after August 31, 2009:

- Any age with 20 years CPO/CO service
- Age 55 with 10 years CPO/CO service

Service retirement rates are determined by the first set of eligibility requirements satisfied:

- Eligibility A: 20 years of CPO/CO service
- Eligibility B: Age 55 and 10 years of CPO/CO service
- Eligibility C: Any eligibility pertaining to Regular Employee Class Members (see rates and adjustments for Regular Employee Class Members)

Adjustments to the base rates are made to account for age at first eligibility or reduced retirement benefits, based on date of hire (described below sample table).

Sample rates for eligible members:

Annual Service Retirement Rates CPO/CO Members (Males & Females)			
Eligibility A		Eligibility B	
Age	20 yrs CPO/CO	Age	Age 55 & 10 yrs CPO/CO
<48	0.03		
48	0.04	55	0.20
49	0.05	56	0.18
50	0.60	57	0.16
51 - 61	0.33	58 - 61	0.14
62 - 74	0.50	62 - 74	0.27
75	1.00	75	1.00

Adjustments for members hired before September 1, 2013:

- Eligibility A and B: Rate set to zero if member has 18 or 19 years of CPO/CO service. Rate is doubled if member has 20 years of CPO/CO service.

Adjustments for members hired on or after September 1, 2013:

- Eligibility A: If age of 1st eligibility is before age 57, then
 - rates prior to age 57 are multiplied by 75% for each year prior to age 57
 - the rate at age 57 is 100%
- Eligibility B: If member will attain 20 years of CPO/CO service at or before age 62, rates are zero prior to age 62 and 80% when member attains 20 years of CPO/CO service.
- Eligibility B: If member will attain 20 years of CPO/CO service after age 62, then
 - rates prior to age 62 are multiplied by 75% for each year prior to age 62
 - the rate at age 62 is the base table rate plus 0.06 times the number of years the age at 1st eligibility was before age 62

d) JRS Members:

JRS I and II Decrement Service is used to determine when the rates apply:

- Age 60 with 10 years of service, if member currently holding judicial office.
- Age 60 with 12 years of service.
- 20 years of service.
- Age plus service equal to or greater than 70, if member has at least 12 years of service on an appellate court.

Sample rates for eligible members:

Annual Service Retirement Rates Per 100 Members		
Age	Unreduced	Reduced
50-64	20	10
65-69	20	N/A
70-74	25	N/A
75+	100	N/A

ii. Higher Education Members (assumptions used in valuing the TRS retirement plan)

Age	Early Retirement		Age	Normal Retirement	
	Annual Service Retirement Rates Per 100 Members			Annual Service Retirement Rates Per 100 Members	
	Male	Female		Male	Female
45	1	1	50	13	14
46	1	1	51	13	14
47	1	1	52	13	14
48	1	1	53	13	14
49	1	1	54	13	14
50	1	1	55	13	15
51	1	1	56	14	16
52	1	1	57	15	17
53	1	1	58	16	18
54	1	1	59	17	19
55	1	1	60	18	20
56	1	1	61	19	21
57	1	1	62	20	22
58	1	1	63	21	23
59	1	1	64	22	24
60	1	2	65	25	25
61	2	2	66	25	25
62	4	4	67	25	25
63	5	5	68	25	25
64	5	5	69	25	25
65	5	5	70	25	25
			71	25	25
			72	25	25
			73	25	25
			74	25	25
			75	100	100

For members hired after August 31, 2007 and who are vested as of August 31, 2014, the retirement rates for members once they reach unreduced retirement eligibility at age 60 are increased 10% for each year the member is beyond the Rule of 80 (i.e., if the member reached the Rule of 80 at age 58, then the probability of retirement at age 60 is 120% of the rate shown above).

For members hired after August 31, 2007 and who are not vested as of August 31, 2014, or, for members hired after August 31, 2014, the retirement rates for members once they reach unreduced retirement eligibility at age 62 are increased 10% for each year the member is beyond the Rule of 80 (i.e., if the member reached the Rule of 80 at age 58, then the probability of retirement at age 62 is 140% of the rate shown above).

- c. **Disability Retirement:** Active members are expected to become disabled as defined under the plan in accordance with annual rates as illustrated below.
- i. **State Agency Members (assumptions used in valuing the applicable ERS retirement plan)**

ERS Decrement Service is used to determine when the rates apply:

- The rates do not apply before member is eligible for the benefit.
- Service greater than zero is required for occupational disability retirement.
- For Regular, CPO/CO, and JRS I members, 10 years of service is required for non-occupational disability retirement.
- For JRS II members, 7 years of service is required for non-occupational disability retirement.
- For Elected Class members, 8 years of service is required for non-occupational disability retirement.
- Regular Class and JRS II Members are not eligible for non-occupational disability retirement if they are eligible for service retirement under the Rule of 80. Members who suffer a non-occupational disability after satisfying the Rule of 80 are therefore assumed to retire on service retirement.
- JRS I Members are not eligible for non-occupational disability retirement if they are eligible for service retirement under the Rule of 70. Members who suffer a non-occupational disability after satisfying the Rule of 70 are therefore assumed to retire on service retirement.
- Elected Class Members are not eligible for non-occupational disability retirement if they are eligible for service retirement (age 60 with 8 years of service; or age 50 with 12 years of service). Members who suffer a non-occupational disability after becoming eligible for service retirement are therefore assumed to retire on service retirement.
- CPO/CO Members are not eligible for non-occupational disability retirement if they are eligible for service retirement under the Rule of 80, or under the age 55 with at least 10 years of CPO/CO service provisions.

- For a member with 20 years CPO/CO service the combined ERS/LECO service retirement annuity is much greater than the ERS non-occupational disability retirement annuity. Therefore, the rates of non-occupational disability retirement are zero for members with 20 years of CPO/CO service.

Annual Disability Retirement Rates Per 100 Members

Age	Regular Class ¹		CPO/CO Class ²
	Elected Class, JRS		
	Males	Females	Males/Females
30	0.0275	0.0135	0.0092
35	0.0650	0.0442	0.0314
40	0.0749	0.0896	0.0586
45	0.1027	0.1455	0.0980
50	0.1484	0.2072	0.1774
55	0.2477	0.3488	0.2460
60	0.3740	0.5583	0.3150

¹ 99% of all disabilities are assumed to be non-occupational and 1% are assumed to be occupational. No occupational disabilities are assumed for JRS I, JRS II or the Elected classes.

² 95% of all disabilities are assumed to be non-occupational, 4.5% are assumed to be occupational but not total disability, and 0.5% are assumed to be occupational and total disability.

ii. Higher Education Members (assumptions used in valuing the TRS retirement plan)

Annual Disability Retirement Rates Per 100 Members

Age	Years of Service < 10		Years of Service >= 10	
	Male	Female	Male	Female
20	0.001840	0.002760	0.014720	0.026220
30	0.001840	0.002760	0.014720	0.026220
40	0.004300	0.004690	0.034400	0.044555
50	0.019930	0.018170	0.159440	0.172615
55	0.028660	0.024650	0.229280	0.234175
60	0.035050	0.027540	0.280400	0.261630
65	0.036990	0.027540	0.295920	0.261630
70	0.036990	0.027540	0.295920	0.261630

Disability rates for members who reach the Rule of 80 but are not eligible for unreduced retirement rates are increased by an additional 1% (i.e., 0.01 is added to the otherwise applicable rate).

- d. **Termination:** The active members are assumed to terminate their employment for causes other than death, disability or retirement in accordance with annual rates as illustrated below.
- i. State Agency Members (assumptions used in valuing the applicable ERS retirement plan)
- a) Regular Class Members:

Rates of termination are zero for members eligible for service retirement. To account for active Regular Class Members that accumulate additional eligibility service at retirement through converting sick/annual leave or other types of service purchases, termination rates are also set to zero in the year prior to first retirement eligibility.

Rates for members not eligible for service retirement:

Annual Rates of Termination Per 100		
Regular Class Members		
Eligibility Service	Male and Female	
	Entry age 35 or Younger	Entry age over 35
0	25.25	19.63
1	21.24	16.07
2	17.88	13.26
3	15.07	11.08
4	12.76	9.42
5	10.86	8.16
6	9.33	7.21
7	8.09	6.49
8	7.10	5.94
9	6.31	5.50
10	5.67	5.11
11	5.15	4.75
12	4.71	4.39
13	4.32	4.03
14	3.97	3.66
15	3.64	3.29
16	3.30	2.95
17	2.97	2.69
18	2.62	2.53
19	2.27	1.00
20	1.92	1.00
21	1.59	1.00
22	1.29	1.00
23	1.05	1.00
24	0.89	1.00
25+	0.85	1.00

b) CPO/CO Class Members:

Rates of termination are zero for members eligible for service retirement. To account for active CPO/CO members that accumulate additional eligibility service at retirement through converting sick/annual leave or other types of service purchases, termination rates are also set to zero in the year prior to first retirement eligibility.

Annual Rates of Termination Per 100 Participants CPO/CO Employee Class Members	
<u>Eligibility Service</u>	<u>Male and Female</u>
0	26.45
1	22.10
2	17.66
3	14.35
4	11.91
5	10.13
6	8.82
7	7.83
8	7.03
9	6.35
10	5.70
11	5.08
12	4.49
13	3.94
14	3.53
15	3.34
16	2.88
17	1.15
18	1.15
19+	0.00

c) Elected Class Members:

Four per 100 for members not eligible for service retirement.

d) JRS I and II Members:

Four per 100 for members not eligible for service retirement.

ii. Higher Education Members (assumptions used in valuing the TRS retirement plan)

a) Select Period:

Rate of Decrement Due to Termination Per 100
Members Based on First 10 Years of Service

Years of Service	Male	Female
1	15.5507	16.2296
2	12.4963	13.3070
3	10.0839	11.1030
4	7.5417	8.7064
5	6.5169	7.7625
6	5.7971	6.8467
7	4.9227	5.6290
8	4.3267	4.8891
9	3.8586	4.3639
10	3.5246	3.9995

b) Ultimate Rates after the first 10 Years of Service:

Rate of Decrement Due to Termination Per 100 Members Based on
Years from Normal Retirement

Years from Normal Retirement	Male	Female	Years from Normal Retirement	Male	Female
1	1.2969	1.2300	17	2.6491	3.0497
2	1.5445	1.5360	18	2.6876	3.1061
3	1.7108	1.7491	19	2.7245	3.1604
4	1.8394	1.9181	20	2.7599	3.2128
5	1.9459	2.0603	21	2.7941	3.2634
6	2.0374	2.1843	22	2.8270	3.3125
7	2.1181	2.2949	23	2.8589	3.3600
8	2.1907	2.3952	24	2.8897	3.4061
9	2.2567	2.4874	25	2.9196	3.4510
10	2.3174	2.5728	26	2.9486	3.4947
11	2.3738	2.6526	27	2.9768	3.5372
12	2.4264	2.7276	28	3.0042	3.5787
13	2.4759	2.7985	29	3.0309	3.6191
14	2.5226	2.8658	30	3.0570	3.6587
15	2.5668	2.9298	31	3.0823	3.6973
16	2.6089	2.9911	32	3.1071	3.7351

e. **Withdrawal of Contribution:**

i. **State Agency Members (assumptions used in valuing the applicable ERS retirement plan)**

Annual Rates of Withdrawal of Employee Contributions
Per 100 New Vested Terminations Male and Female

Age	Regular Employee Class ERS Decrement Service				CPO/CO Employee Class ERS Decrement Service				Elected Class Members and JRS*			
	5-10	10-15	15-20	20+	5-10	10-15	15-20	20+	5-10	10-15	15-20	20+
20-24	100	100			100							
25-29	75	65	60		75	60	60					
30-34	65	60	50		75	60	50					
35-39	65	50	50	35	70	60	50					
40-44	65	50	45	35	70	60	50					
45-49	60	45	35	25	60	40	20					
50-54	55	40	30	20	55	40	20					
55+	50	30	25	15	50	30	20					

* Elected Class and JRS Members are assumed not to withdraw employee contributions.

100% of Non-vested terminations are assumed to withdraw their employee contributions.

ii. **Higher Education Members**

Members eligible to receive a deferred annuity are assumed to withdraw their contributions in accordance with the rates illustrated below.

Annual Rates of Withdrawal
of Employee Contributions per 100 New
Vested Terminations Male and Female

Age	Years of Service			
	5-10	10-15	15-20	20+
20-24	100	100		
25-34	80	80	60	
35-44	50	40	30	25
45-54	28	28	25	18
55+	0	0	0	0

- f. **Salary Increases:** Increases are assumed to occur at the beginning of the valuation year and vary by employee group. The components of the annual increases are:
- i. State Agency Members (assumptions used in valuing the applicable ERS retirement plan)

Employee Group	Inflation	Real Wage Growth (Productivity)	Merit, Promotion and Longevity
a. Elected Class (Legislators)	0%	0%	0%
b. Elected Class (other than Legislators and District Attorneys)	2.3%	0%	See sample rates
c. Elected Class (other than Legislators)	2.3%	0%	0%
d. Regular Employee Class	2.3%	included in Merit, Promotion and Longevity increases	See sample rates
e. CPO/CO Class	2.3%	0%	See sample rates
f. JRS I & II	2.3%	0%	0%

a) Regular Employee Class: Merit, Promotion and Longevity Sample Rates:

Annual Salary Increases for Merit, Promotion and Longevity
Male and Female Regular Employee Class Members

Age	Years of ERS Decrement Service						
	0	1	2-4	5-9	10-14	15-19	20+
20	6.50%	4.95%	4.45%	4.00%			
25	6.10	4.95	4.45	3.20	2.20%		
30	5.60	4.95	4.45	2.70	2.20	1.70%	
35	5.10	4.45	3.70	2.70	2.20	1.70	1.60%
40	4.60	4.45	3.70	2.70	2.20	1.60	1.50
45	4.10	3.95	3.45	2.70	2.10	1.60	1.40
50	3.60	3.40	2.90	2.40	1.90	1.40	1.30
55	3.10	2.90	2.50	2.10	1.60	1.30	1.20
60+	2.60	2.40	2.00	1.70	1.30	1.10	1.00

b) CPO/CO Employee Class: Merit, Promotion and Longevity Sample Rates:

Annual Salary Increases for Merit, Promotion and Longevity
Male and Female CPO/CO Employee Class Members

Age	Years of ERS Decrement Service					
	0	1	2-4	5-8	9-17	18+
All	6.45%	4.45%	2.95%	1.95%	1.70%	1.45%

c) Elected Class (District Attorneys): Merit, Promotion and Longevity Sample Rates:

Age	Years of Eligibility Service as a District Attorney		
	Less than 4	4 or more, but less than 8	8 or more
All	State base salary of a district judge	110% of base salary	120% of base salary

ii. Higher Education Members (assumptions used in valuing the TRS retirement plan)

Years of Service	Merit, Promotion, Longevity	General ¹	Total
1	6.00%	3.05%	9.05%
2	2.50	3.05	5.55
3	1.90	3.05	4.95
4	1.50	3.05	4.55
5	1.40	3.05	4.45
6	1.20	3.05	4.25
7	1.10	3.05	4.15
8	1.00	3.05	4.05
9	1.00	3.05	4.05
10	1.00	3.05	4.05
11	0.90	3.05	3.95
12	0.90	3.05	3.95
13	0.80	3.05	3.85
14	0.70	3.05	3.75
15	0.60	3.05	3.65
16	0.50	3.05	3.55
17	0.50	3.05	3.55
18	0.40	3.05	3.45
19	0.30	3.05	3.35
20	0.30	3.05	3.35
21	0.20	3.05	3.25
22	0.20	3.05	3.25
23	0.10	3.05	3.15
24	0.10	3.05	3.15
25 or more	0.00	3.05	3.05

¹ Comprised of general price inflation assumption of 2.30% and general productivity increases of 0.75%.

g. **Payroll Growth:** For purposes of total member projected payroll, payroll is assumed to increase 2.70% per year.

h. **Dependency Status:** Marital status and spouse/dependent children coverage elections in accordance with GBP records were used for current retired members.

For future retired members and their spouses:

i. a) State Agency Members
Female spouses are assumed to be 2 years younger than their male counterparts.

b) Higher Education Members
Female spouses are assumed to be 3 years younger than their male counterparts.

- ii. 31% of the male members are assumed to be married and electing coverage for their spouse, and 17% of the female members are assumed to be married and electing coverage for their spouse.
- iii. The proportion of future retirees covering dependent children is based upon the retiree's age at retirement as follows:

Age at Retirement	Percentage of Retirees Covering Dependent Children
<50	35%
50-54	34%
55-59	19%
60-64	8%
65-69	3%
>70	1%

- iv. Current retirees covering dependent children are assumed to continue such coverage until the child reaches age 23. Future retirees who cover dependent children are expected to cover dependent children for a period of seven years on average.
- v. 40% of current and future retiree spouses are assumed to continue health coverage for their lifetime after the death of the retiree. No dependent children are assumed to continue health coverage after the death of the retiree.
- i. **Declinations:**

97.5% of future Service Retirees are assumed to elect health coverage at retirement and remain covered until death. The remaining 2.5% of future Service Retirees are expected to demonstrate outside health coverage and receive an Employer contribution towards certain other optional benefits (i.e., Opt-Out Credit).

100% of future retirees who decrement for causes other than Service Retirement (e.g., Disability and Termination—without account balance withdrawal) are assumed to elect health coverage at retirement and remain covered until death.

Future retirees from the current population of eligible active members who leave employment due to Termination (without account balance withdrawal) are assumed to elect health coverage at retirement and remain covered until death subject to the Withdrawal of Contributions assumption in item B.1.e.

Future retirees from the current population of eligible vested terminated members who have been reported as not having withdrawn their account balance are assumed to elect health coverage at retirement and remain covered until death subject to the following:

- i. if terminated one year or more before the valuation date¹, then such members are not subject to any withdrawal factors and
- ii. if terminated less than one year before the valuation date¹, then such members are subject to the Withdrawal of Contributions assumption in item B.1.e.

¹ 12% of eligible Higher Education vested terminated members are assumed to have terminated less than one year before the valuation date since sufficient termination date data is not provided for these members.

j. **HealthSelect Medicare Advantage Participation:**

- i. For current retirees and retiree spouses eligible for participation in the HealthSelect Medicare Advantage Plan: based on actual election.
- ii. For current retirees and retiree spouses not yet eligible for HealthSelect Medicare Advantage participation and for future retirees and retiree spouses: 75% are assumed to participate in HealthSelect Medicare Advantage at the earliest date at which coverage can commence under this program.

k. **Tobacco Usage:**

- i. For current retirees and retiree spouses, tobacco usage is based on census data provided by ERS.
- ii. 8% of future retirees are assumed to use tobacco, and 7% of future retiree spouses are assumed to use tobacco.

l. **Assumed Commencement Age if Eligible for OPEB following Termination**

Group	Service at Termination (x)	Assumed Commencement Age
a. ERS - Regular Class	$x \geq 20$	60
	$18 \leq x < 20$	62
	$10 \leq x < 18$	65
b. ERS - CPO/CO	$x \geq 10$	55
c. ERS - Elected Class	$x \geq 12$	50
	$8 \leq x < 12$	60
d. TRS (Higher Education)	$x \geq 20$	60
	$18 \leq x < 20$	62
	$10 \leq x < 18$	65
e. ORP (Higher Education)	$x \geq 20$	60
	$18 \leq x < 20$	62
	$10 \leq x < 18$	65
f. JRS I and II	$x \geq 12$	58
	$10 \leq x < 12$	60

2. **Economic Assumptions and Other Inputs**

- a. **Expenses:** The expenses directly related to the payment of GBP health benefits are \$193.44 for medical for HealthSelect plus \$9.00 for prescription drugs for HealthSelect and HealthSelect Medicare Advantage per year per covered member for FY2022. The expenses per covered member are the same regardless of whether the member covers dependents.

- b. **Affordable Care Act (ACA) Fees:** The assumed Patient-Centered Outcomes Research Institute (PCORI) fee payable under the ACA (per year per covered member) is \$4.57 for FY2022. Under current law, the PCORI fee will be applicable to the GBP through August 31, 2029; i.e., through FY2029. During that period, the fee is projected to increase at a rate of 4.0% per year.
- c. **Stop-loss Reinsurance:** Stop-loss reinsurance is not purchased for the GBP.
- d. **Discount Rate:** Equal to the municipal bond rate of 2.14%*.
- * The source of the municipal bond rate is the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. In describing their index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.
- e. **Health Benefit Cost Trend:** The assumed Per Capita Health Benefit Cost assumptions shown in items 2.j., 2.k., 2.l. and 2.m. below are assumed to increase at the rates shown below.

Fiscal Year	Annual Rate of Increase			
	HealthSelect		HealthSelect Medicare Advantage	
	Medical (Items 2.j. and 2.m.)	Pharmacy (Items 2.k. and 2.m.)	Medical (Items 2.l. and 2.m.)	Pharmacy (Items 2.k. and 2.m.)
2023	5.25% ¹	10.00%	0.00% ²	10.00%
2024	5.15%	10.00%	66.67% ³	10.00%
2025	5.00%	9.00%	24.00% ⁴	9.00%
2026	4.75%	8.00%	4.75% ⁵	8.00%
2027	4.60%	7.00%	4.60%	7.00%
2028	4.50%	6.00%	4.50%	6.00%
2029	4.40%	5.00%	4.40%	5.00%
2030 and beyond	4.30%	4.30%	4.30%	4.30%

- ¹ FY2023 HealthSelect medical trend includes provision for the projected increase in cost attributable to SB166 and SB1065 enacted by the 87th Texas Legislature.
- ² The 2020 procurement process produced a HealthSelect MA medical rate guaranteed for CY2021, 2022 and 2023.
- ³ The HealthSelect MA medical premium rate is projected to increase 100% at the end of the three-year rate guarantee; i.e., for CY2024. The increase will impact the last 8 months of FY2024.
- ⁴ The projected CY2024 rate increase will impact the first 4 months of FY2025.
- ⁵ HealthSelect MA medical rates for FY2026 and beyond are expected to increase at rates equivalent to the HealthSelect medical trend.

- f. **Trend Rate for Retiree Contributions:** The portions of retiree contributions attributable to non-life insurance benefits for HealthSelect and HealthSelect Medicare Advantage Plan are assumed to increase from their amounts in FY2022 at the rates shown below.

<u>Fiscal Year</u>	<u>Annual Rate of Increase*</u>	
	<u>HealthSelect</u>	<u>HealthSelect Medicare Advantage</u>
2023	0.00%	0.00%
2024	6.75%	28.15%
2025	6.30%	13.80%
2026	5.80%	6.95%
2027	5.40%	6.25%
2028	5.00%	5.50%
2029	4.60%	4.80%
2030 and beyond	4.30%	4.30%

* The retiree contribution rates for each plan are assumed to increase at the weighted average of the components of the Health Benefit Cost Trend for each year except for FY2023 for which the increase is limited in accordance with the increase included in the Legislative Appropriation.

- g. **Expense Trend Rate:** The expenses directly related to the payment of GBP Health benefits are contractually guaranteed at the current rate through FY2023. They are assumed to increase 2.30% per annum thereafter.
- h. **Trend Rate for the Opt-Out Credit and the Additional Contribution for Tobacco Users:** The monthly opt-out benefit of \$60 in FY2022 is not assumed to increase in the future. The monthly contribution of \$30 paid by tobacco users in addition to the applicable contribution, as shown in the tables in Section IX.H. of this report, is not assumed to increase in the future.
- i. **Health Coverage by Governmental Plans:** There has been no consideration of anticipated changes in laws concerning health costs covered by governmental programs. However, presently enacted changes in the law that take effect in future periods that will affect future benefit coverages are considered. The proportion of health benefits which are currently covered by governmental programs has been assumed to remain constant in the future.

j. **Assumed HealthSelect Per Capita Health Benefit Cost (Medical) for Fiscal Year 2022 for Covered Retirees and Spouses* (reflects benefits in effect September 1, 2021)**

Age	Assumed Annual Claims Cost per Retiree		Age	Assumed Annual Claims Cost per Retiree	
	Male	Female		Male	Female
22	\$ 2,008	\$ 4,406	57	\$ 7,186	\$ 8,491
23	2,027	4,449	58	7,736	8,747
24	2,046	4,492	59	8,287	9,003
25	2,065	4,536	60	8,838	9,259
26	2,085	4,581	61	9,389	9,515
27	2,104	4,626	62	9,940	9,770
28	2,192	4,742	63	10,332	10,156
29	2,280	4,859	64	10,739	10,556
30	2,368	4,975	65	4,732	3,820
31	2,457	5,092	66	4,780	3,858
32	2,545	5,209	67	4,828	3,897
33	2,648	5,175	68	4,507	3,724
34	2,752	5,142	69	4,187	3,551
35	2,856	5,108	70	3,866	3,378
36	2,960	5,075	71	3,546	3,205
37	3,064	5,041	72	3,225	3,032
38	3,123	5,203	73	3,238	3,019
39	3,181	5,366	74	3,250	3,006
40	3,240	5,528	75	3,262	2,992
41	3,299	5,690	76	3,275	2,979
42	3,357	5,852	77	3,287	2,966
43	3,624	5,948	78	3,329	2,889
44	3,891	6,044	79	3,371	2,812
45	4,158	6,139	80	3,412	2,735
46	4,425	6,235	81	3,454	2,658
47	4,692	6,331	82	3,496	2,581
48	4,953	6,660	83	3,452	2,649
49	5,214	6,989	84	3,407	2,718
50	5,475	7,318	85	3,363	2,786
51	5,737	7,647	86	3,319	2,854
52	5,998	7,976	87	3,274	2,923
53	6,235	8,079	88	3,478	3,212
54	6,473	8,182	89	3,682	3,502
55	6,710	8,285	90+	3,886	3,791
56	6,948	8,388			

* Spouses' per capita costs are assumed to be 122% of the amounts shown in this table.

k. **Assumed Per Capita Health Benefit Cost (Prescription Drugs) for Fiscal Year 2022 for Covered Retirees and Spouses* (reflects benefits in effect September 1, 2021)**

Age	Assumed Annual Claims Cost per Retiree		Age	Assumed Annual Claims Cost per Retiree	
	Male	Female		Male	Female
22	\$ 582	\$ 494	57	\$ 2,652	\$ 2,800
23	588	499	58	2,688	2,916
24	594	504	59	2,725	3,033
25	600	509	60	2,761	3,150
26	606	514	61	2,798	3,266
27	612	520	62	2,834	3,383
28	671	601	63	2,947	3,518
29	731	682	64	3,065	3,659
30	791	763	65	1,660	1,681
31	850	844	66	1,677	1,698
32	910	925	67	1,693	1,715
33	924	993	68	1,723	1,719
34	939	1,061	69	1,752	1,723
35	953	1,129	70	1,782	1,728
36	967	1,197	71	1,811	1,732
37	981	1,265	72	1,840	1,736
38	1,044	1,326	73	1,855	1,727
39	1,107	1,388	74	1,869	1,718
40	1,170	1,449	75	1,884	1,709
41	1,233	1,510	76	1,898	1,700
42	1,296	1,571	77	1,912	1,691
43	1,365	1,611	78	1,923	1,637
44	1,435	1,651	79	1,933	1,582
45	1,504	1,691	80	1,944	1,528
46	1,574	1,732	81	1,954	1,473
47	1,643	1,772	82	1,964	1,419
48	1,703	1,964	83	1,942	1,415
49	1,763	2,156	84	1,919	1,412
50	1,823	2,348	85	1,897	1,408
51	1,882	2,540	86	1,874	1,405
52	1,942	2,733	87	1,852	1,401
53	2,084	2,746	88	1,627	1,314
54	2,226	2,760	89	1,403	1,227
55	2,368	2,773	90+	1,179	1,140
56	2,510	2,786			

* Spouses' per capita costs are assumed to be 122% of the amounts shown in this table.

1. **Assumed HealthSelect Medicare Advantage Plan Per Capita Health Benefit Cost (Medical) for Fiscal Year 2022 for Covered Retirees and Spouses (reflects benefits in effect September 1, 2021)**

Age	Assumed Annual Claims Cost per Retiree	
	Male	Female
65	\$ 384	\$ 384
66	384	384
67	384	384
68	384	384
69	384	384
70	457	457
71	457	457
72	457	457
73	457	457
74	457	457
75	509	509
76	509	509
77	509	509
78	509	509
79	509	509
80	580	580
81	580	580
82	580	580
83	580	580
84	580	580
85	647	647
86	647	647
87	647	647
88	647	647
89	647	647
90+	631	631

m. **Dependent Children: Assumed Per Capita Health Benefit Cost for Fiscal Year 2022 (reflects benefits in effect September 1, 2021):**

\$6,539 annual per capita benefit cost (\$5,713 medical and \$826 prescription drug) for each retiree covering dependent children irrespective of the number of children covered.

n. **Dental Benefits:** The present value of future expected dental benefits is assumed to be equal to the present value of future retiree contributions towards dental benefits.

o. **Vision Benefits:** The present value of future expected vision benefits is assumed to be equal to the present value of future retiree contributions towards vision benefits.

- p. **Cost Sharing Provisions:** Deductibles, copayments and coinsurance levels and retiree contribution levels are assumed to increase at the same rate as the health benefit cost trend, consistent with the expected operation of the substantive plan (i.e., the proportion of non-Medicare expenses covered by the employer/employee is assumed to remain constant).
- q. **General Price Inflation:** Both the health benefit cost trend and the discount rate include the same inflationary element attributable to changes in general price levels, 2.30%.

3. **Other Assumptions**

a. **Valuation Payroll**

Valuation Payroll (earnings applied to the current valuation year) is the payroll for the fiscal year ending on the valuation date. It is based on reported payroll determined from August member contributions.

b. **Missing Data**

i. Service for Non-ERS Members

Service for all employees who are not members of ERS (except as indicated in (ii) below) is determined as follows: (i) for employees hired before September 1, 2003, service is calculated as the elapsed time from original date of hire to the valuation date, and (ii) for employees hired after August 31, 2003, service is calculated as the elapsed time from completion of the waiting period to the valuation date.

ii. Pre-September 1, 1992 Higher Education Hires

Service for pre-September 1, 1992 Higher Education hires, whose date of hire was reported as September 1, 1992, is assumed to have the same service distribution as State Agency employees.

iii. ORP Vested Terminated Employees

Census data for vested terminated higher education employees participating in the ORP was not available at the time of this valuation. As a result, the ORP vested terminated employees liability is assumed to have the same ratio to the ORP retiree liability as the ratio of TRS vested terminated employee liability to the TRS retiree liability. In other words, the ORP retiree liability is multiplied by this TRS ratio to determine the ORP vested terminated liability. The estimated number of ORP vested terminated members is determined in the same manner.

c. **Demographic Assumptions for Other Employers**

Employees of Texas Municipal Retirement System, Texas County and District Retirement System, North Texas Tollway Authority, Texas Cooperative Inspection Program, University of Texas Medical Branch, Windham School District and Community Supervision and Corrections Departments are assumed to exhibit the same demographic decrements as Regular Class ERS members.

d. **Graduate Students**

Graduate students are excluded from this valuation because none of the graduate students are assumed to satisfy the eligibility criteria for benefits under this plan during the period of their employment as a graduate student.

4. **Changes in Assumptions or Other Inputs**

a. The following assumptions or other inputs have been updated since the previous valuation:

i. **Demographic Assumptions**

The following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.

ii. **Economic Assumptions**

- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations.
- Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions.

iii. **Other Inputs**

The discount rate was changed from 2.20% to 2.14% as a result of requirements by GASB No. 75 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The change in the discount rate was made to comport with the requirements of GASB No. 75.

Please see our valuation report dated March 4, 2021 for a complete list of our previous assumptions.

- b. Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2022, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

Section VII - Outline of Principal Eligibility and Benefit Provisions

A. Plan Description

1. Plan Name

Other Post-Employment Benefits provided under the Texas Employees Group Benefits Program (GBP)

2. Plan Type

The GBP is a cost-sharing multiple-employer defined benefit OPEB plan. Employers participating in the GBP include:

- a. the State of Texas which is the employer for all state agency employees and employees of senior colleges and universities,
- b. 50 Texas junior and community colleges,
- c. the Texas Municipal Retirement System, Texas County and District Retirement System, the North Texas Tollway Authority, the Texas Cooperative Inspection Program, University of Texas Medical Branch, and the Windham School District,
- d. Community Supervision and Corrections Departments.

3. Contributions and Reserves

- a. The authority under which the obligations of the plan members and Employer are established and or may be amended is Chapter 1551, Texas Insurance Code.
- b. The Employer and member contribution rates are determined annually by the ERS Board Trustees based on the recommendations of the ERS staff and consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated, (iii) other revenue sources and (iv) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.
- c. There are no long-term contracts for contributions to the plan.

B. Employee Classification Requirements for Future Benefit Eligibility

State agency and higher education employees must meet the following classification requirements in order to be eligible for OPEB provided they also meet the age and service conditions described in item C. below.

1. State Agency or Higher Education Employee

An individual must be an elected or appointed officer or employee who performs service (other than an independent contractor) for the State of Texas, including an institution of higher education, other than the University of Texas or Texas A&M University Systems, and who:

- a. receives compensation for the service performed pursuant to a payroll certified by a state agency or by an elected or appointed officer, or
- b. receives compensation for service performed for an institution of higher education pursuant to a payroll certified by an institution of higher education or by an elected or appointed officer of the State.

2. Employees of Certain Other Entities

- a. Officers or employees of Texas Municipal Retirement System or Texas County and District Retirement System
- b. Certain employees or officers of the North Texas Tollway Authority
- c. Employees of the Community Supervision and Corrections Departments

C. Eligibility for OPEB

The employee's eligibility for GBP OPEB is dependent upon the event which initiates the employee's severance from employment.

<u>Event</u>	<u>GBP OPEB Eligibility</u>			
	<u>At Least</u>			<u>Commencement of GBP Benefits</u>
	<u>Age</u>	<u>Service</u>	<u>Age + Service</u>	<u>Age</u>
1. <u>Service Retirement or Death</u>				
a. ERS - Regular Class	60	10		65
	or	10	80	Immediately upon Retirement
b. ERS - CPO/CO	55	10		Immediately upon Retirement
	or	20		Immediately upon Retirement
	or	10	80	Immediately upon Retirement
c. ERS - Elected Class	60	8		Immediately upon Retirement
	or	50	12	Immediately upon Retirement
d. TRS (Higher Education)	55	10		65
	or	30		65
	or	10	80	Immediately upon Retirement
e. ORP (Higher Education)		10	80	Immediately upon Retirement
f. JRS I and II	60	10*		Immediately upon Retirement
	or	20		Immediately upon Retirement
	or	12**	70	Immediately upon Retirement

* 10 years required if holding a judicial office at the time of retirement; otherwise 12 years.

** 12 years of service on an appellate court.

<u>Event</u>	<u>GBP OPEB Eligibility</u>			
	<u>At Least</u>			<u>Commencement of GBP Benefits</u>
	<u>Age</u>	<u>Service</u>	<u>Age + Service</u>	<u>Age</u>
2. <u>Disability</u>				
a. ERS - Regular Class		10*		Immediately upon Disability
b. ERS - CPO/CO		10*		Immediately upon Disability
c. ERS - Elected Class		8*		Immediately upon Disability
d. TRS (Higher Education)		10		Immediately upon Disability
e. ORP (Higher Education)		10		Immediately upon Disability
f. JRS I and II		7		Immediately upon Disability

* Service Requirement is waived if the disability is an occupational disability.

3. Termination

- a. Same Age/Service/Age+Service requirements as Service Retirement in item 2.a. above, provided at the time of termination the employee has at least:
 1. 10 service years for Regular, CPO/CO, TRS and ORP classes
 2. 8 service years for Elected class members
 3. 12 service years for the JRS I and II classes
- b. Only eligible for benefits at commencement age if employee contributions are not withdrawn prior to commencement age.

D. Post-Employment Health Benefits

1. For purposes of the valuation, all retirees, including those presently enrolled in HMOs, are assumed to have GBP health coverage under HealthSelect (unless they elect or are assumed to elect the HealthSelect Medicare Advantage Plan for Medicare-primary years of coverage), a self-funded health plan providing medical and prescription drug coverage. (See chart at end of this section for details.) We have adopted this assumption due to the small number of retirees enrolled in HMOs and the similarity between the cost of HealthSelect and HMO coverage.
2. For benefit years prior to the date on which Medicare becomes primary, HealthSelect (Medical and Prescription Drug) is primary. (See chart at end of this section for details.)
3. For benefit years after the date on which Medicare becomes primary:
 - a. For retirees and spouses participating in HealthSelect:
 - (i) HealthSelect medical coverage is secondary to Medicare (secondary via Coordination of Benefits method) (See chart at end of this section for details.)
 - (ii) HealthSelect prescription drug coverage remains primary.
 - b. For retirees and spouses participating in the HealthSelect Medicare Advantage Plan:
 - (i) HealthSelect Medicare Advantage Plan medical coverage is provided in lieu of Medicare and HealthSelect medical coverage. (See chart at end of this section for details.)
 - (ii) HealthSelect prescription drug coverage remains primary.
4. Covered Retirees are eligible for coverage until death.
5. Retiree Spouses may be covered until death provided the applicable monthly contribution is paid on behalf of the covered spouse.
6. Dependent Children may be covered provided the applicable monthly contribution is paid on behalf of the dependent children.
 - a. Coverage ceases when the child reaches age 26 or when the child marries, if earlier. However, a child who is mentally retarded or physically incapacitated may continue coverage beyond age 26 provided such child remains a dependent of the retired member.
 - b. The term child includes an adopted child, a foster child, a stepchild or other child in a parent-child relationship.

E. Post-Employment Life Insurance Coverage

1. Retirees participating in GBP health coverage are eligible for \$2,500 life insurance coverage funded by the Employer.
2. Retirees who opt-out of health coverage are not eligible for Employer-funded life insurance.
3. Employer-funded life insurance coverage is not available for spouses or other dependent children.

F. Opt-Out Credit

Applicable to certain optional benefits for retirees who opt out of GBP health coverage provided they demonstrate that they have health coverage outside of the GBP.

1. Retirees who opt out of the GBP health benefits are eligible. Retirees with Medicare are not eligible for the credit.
2. Opt-Out credit is up to \$60 per month for full-time retirees and \$30 per month for part-time retirees. Retirees may use the credit to purchase dental and/or vision insurance premiums.
3. The retiree qualifies for a \$60 credit without regard to whether the retiree has a spouse or dependent children.

G. Other Optional Benefits Available at Cost to Eligible Retirees

1. Dental Options
 - a. State of Texas Dental Choice Plan
 - b. Dental HMO
2. Optional Group Term Life Insurance with a face value of \$10,000 or up to two times salary.
3. Optional Dependent Group Term Life Insurance with a face value of \$2,500.
4. State of Texas Vision Plan

H. Retiree Contributions

1. Health Coverage

a. HealthSelect

Annually, ERS determines the uniform contribution rates for members participating in HealthSelect. The monthly member contribution rates for FY2022 are:

	100% State Contributions Current Retirees and Future Retirees with 5+ YOS on September 1, 2014 ¹		Future Retirees with Fewer than 5 YOS on September 1, 2014					
	<u>Full-Time</u>	<u>Part-Time</u>	50% State Contributions Less than 15 YOS at Retirement ²		75% State Contributions At least 15 YOS but less than 20 YOS at Retirement ³		100% State Contributions 20+ YOS at Retirement ⁴	
			<u>Full-Time</u>	<u>Part-Time</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Full-Time</u>	<u>Part-Time</u>
Member	\$ 0.00	\$ 310.89	\$ 310.89	\$ 466.02	\$ 155.45	\$ 388.37	\$ 0.00	\$ 310.89
Member plus Spouse	\$ 357.54	\$ 847.20	\$ 847.20	\$ 1,092.72	\$ 602.37	\$ 969.37	\$ 357.54	\$ 847.20
Spouse, if Retiree is deceased	\$ 715.08	\$ 715.08	\$ 715.08	\$ 715.08	\$ 715.08	\$ 715.08	\$ 715.08	\$ 715.08
Member plus Dependent Children	\$ 239.38	\$ 669.96	\$ 669.96	\$ 884.94	\$ 454.67	\$ 777.36	\$ 239.38	\$ 669.96
Dependent Children, if Retiree is deceased	\$ 478.76	\$ 478.76	\$ 478.76	\$ 478.76	\$ 478.76	\$ 478.76	\$ 478.76	\$ 478.76
Member plus Family, if Retiree is alive	\$ 596.92	\$ 1,206.27	\$ 1,206.27	\$ 1,510.64	\$ 901.59	\$ 1,358.36	\$ 596.92	\$ 1,206.27
Spouse plus Children, if Retiree is deceased	\$ 1,193.84	\$ 1,193.84	\$ 1,193.84	\$ 1,193.84	\$ 1,193.84	\$ 1,193.84	\$ 1,193.84	\$ 1,193.84

¹ Actual Retiree Contribution Rates for FY2022. Tobacco users pay an additional \$30 per month. These rates also apply to ERS - Elected Class members, JRS I and II members, and disabled members from any class, irrespective of those members' YOS at September 1, 2014.

² Actual Retiree Contribution Rates for FY2022. Tobacco users pay an additional \$30 per month. These rates do not apply to ERS-Elected Class members, JRS I and II members or disabled members from any class, irrespective of those members' YOS at September 1, 2014.

³ Hypothetical Retiree Contribution Rates for FY2022. Tobacco users pay an additional \$30 per month. These rates (adjusted for post- FY2022 increases) will not be used until FY2024, since that will be the first time an employee with less than 5 YOS on September 1, 2014 could retire with 15 YOS. These rates will not apply to ERS-Elected Class members, JRS I and II members or disabled members from any class, irrespective of those members' YOS at September 1, 2014.

⁴ Hypothetical Retiree Contribution Rates for FY2022. Tobacco users pay an additional \$30 per month. These rates (adjusted for post- FY2022 increases) will not be used until FY2029, since that will be the first time an employee with less than 5 YOS on September 1, 2014 could retire with 20 YOS. These rates will not apply to ERS-Elected Class members, JRS I and II members or disabled members from any class, irrespective of those members' YOS at September 1, 2014.

b. HealthSelect Medicare Advantage Plan

Annually, ERS determines the uniform contribution rates for members participating in the HealthSelect Medicare Advantage Plan option. The monthly member contribution rates for calendar year 2022 are:

	100% State Contributions Current Retirees and Future Retirees with 5+ YOS on September 1, 2014 ¹		Future Retirees with Fewer than 5 YOS on September 1, 2014					
	<u>Full-Time</u>	<u>Part-Time</u>	50% State Contributions Less than 15 YOS at Retirement ²		75% State Contributions At least 15 YOS but less than 20 YOS at Retirement ³		100% State Contributions 20+ YOS at Retirement ⁴	
			<u>Full-Time</u>	<u>Part-Time</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Full-Time</u>	<u>Part-Time</u>
Member	\$ 0.00	\$ 89.52	\$ 89.52	\$ 134.28	\$ 44.76	\$ 111.90	\$ 0.00	\$ 89.52
Member plus Spouse	\$ 89.52	\$ 223.80	\$ 223.80	\$ 290.94	\$ 156.66	\$ 257.37	\$ 89.52	\$ 223.80
Spouse, if Retiree is deceased	\$ 179.04	\$ 179.04	\$ 179.04	\$ 179.04	\$ 179.04	\$ 179.04	\$ 179.04	\$ 179.04
Member plus Dependent Children	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dependent Children, if Retiree is deceased	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member plus Family, if Retiree is alive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Spouse plus Children, if Retiree is deceased	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2. Annually, ERS determines the retiree contribution rate for basic life insurance. The monthly member contribution rates for FY2021 are:

<u>Basic Life Insurance (\$2,500 of Coverage) for</u>	<u>All Retirees Except</u>	<u>Part-time</u>
<u>Retiree</u>	<u>Part-time Retirees</u>	<u>Retirees</u>
	\$ 0	\$ 1.11

¹ Actual Retiree Contribution Rates for CY2022. Tobacco users pay an additional \$30 per month. These rates also apply to ERS - Elected Class members, JRS I and II members, and disabled members from any class, irrespective of those members' YOS at September 1, 2014.

² Actual Retiree Contribution Rates for CY2022. Tobacco users pay an additional \$30 per month. These rates do not apply to ERS-Elected Class members, JRS I and II members or disabled members from any class, irrespective of those members' YOS at September 1, 2014.

³ Hypothetical Retiree Contribution Rates for CY2022. Tobacco users pay an additional \$30 per month. These rates (adjusted for post- CY2022 increases) will not be used until FY2024, since that will be the first time an employee with less than 5 YOS on September 1, 2014 could retire with 15 YOS. These rates will not apply to ERS-Elected Class members, JRS I and II members or disabled members from any class, irrespective of those members' YOS at September 1, 2014.

⁴ Hypothetical Retiree Contribution Rates for CY2022. Tobacco users pay an additional \$30 per month. These rates (adjusted for post- CY2022 increases) will not be used until FY2029, since that will be the first time an employee with less than 5 YOS on September 1, 2014 could retire with 20 YOS. These rates will not apply to ERS-Elected Class members, JRS I and II members or disabled members from any class, irrespective of those members' YOS at September 1, 2014.

I. Funding Mechanism

1. Medical benefits are self-funded under the HealthSelect Plan and fully insured under the HealthSelect Medicare Advantage Plan. Prescription drug benefits are self-funded for both the HealthSelect and HealthSelect Medicare Advantage Plans.
2. Basic Life Insurance benefits are fully insured under a minimum premium funding arrangement.
3. Dental
 - a. State of Texas Dental Choice Plan is self-funded through contributions made by employees and retirees.
 - b. Dental HMO is fully insured through contributions made by employees and retirees.
 - c. The State does not contribute toward dental coverage.
4. Optional Group Term Life Insurance and Dependent Group Term Life Insurance are fully insured under a minimum premium funding arrangement. Such coverages are fully funded by employee and retiree contributions. The State does not contribute toward these coverages.
5. Vision
 - a. State of Texas Vision Plan is self-funded through contributions made by employees and retirees.
 - b. The State does not contribute toward vision coverage.

J. Health Benefits Chart Out-of-Pocket Expenses in effect September 1, 2021

1. HealthSelect (Non-Medicare primary)

	HealthSelect [®] of Texas [®]		CONSUMER DIRECTED HealthSelect [®]	
	HealthSelect of Texas [®] and HealthSelect SM Out-of-State In-Network	HealthSelect of Texas and HealthSelect Out-of-State Out-of-Network	Consumer Directed HealthSelect SM High-deductible Health Plan In-Network	Consumer Directed HealthSelect High-deductible Health Plan Out-of-Network
Administrator	Blue Cross and Blue Shield of Texas (BCBSTX)			
Annual deductible	None	\$500 per individual \$1,500 per family	\$2,100 per individual, \$4,200 per family To help cover part of the deductible, the State contributes to an eligible member's health savings account: \$540/year for an individual, \$1,080/year for a family.	\$4,200 per individual, \$8,400 per family To help cover part of the deductible, the State contributes to an eligible member's health savings account: \$540/year for an individual, \$1,080/year for a family.
Out-of-network benefits?		Yes. See next page for details.		Yes. See next page for details.
Balance billing? (Balance billing is when an out-of-network provider charges you the difference between their billed charges and the plan's allowed amount.)		Yes. Balance billing may apply to certain out-of-network services. For more information, see the plan's Master Benefit Plan Document.		Yes. Balance billing may apply to certain out-of-network services. For more information, see the plan's Master Benefit Plan Document.
Total in-network out-of-pocket maximum (including deductibles, coinsurance and copays) ¹	Through 12/31/21: \$6,750 per person; \$13,500 per family 1/1/22 – 12/31/22: \$7,000 per person; \$14,000 per family		Through 12/31/21: \$6,750 per person; \$13,500 per family 1/1/22 – 12/31/22: \$7,000 per person; \$14,000 per family	
Out-of-pocket coinsurance maximum	\$2,000 per person	\$7,000 per person	None	None
Inpatient copay maximum	\$750 copay max, up to 5 days per hospital stay \$2,250 copay max per calendar year per person		None	None
Primary care provider (PCP) required?	Yes for participants who live and work in Texas; no for out-of-state participants	No	No	No
Referrals required?	Yes for participants who live and work in Texas; no for out-of-state participants	No	No	No

¹Includes medical and prescription drug copays, coinsurance and deductibles. Excludes non-network and bariatric services.

Medical Benefits

Service	HealthSelect of Texas® and HealthSelect SM Out-of-State In-Network	HealthSelect of Texas and HealthSelect Out-of-State Out-of-Network	Consumer Directed HealthSelect SM High-deductible Health Plan In-Network	Consumer Directed HealthSelect High-deductible Health Plan Out-of-Network
Allergy treatment	Covered at 100% if administered in a physician's office; 20% coinsurance in any other outpatient location	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Ambulance services (for emergencies)	20% coinsurance	20% coinsurance; annual deductible does not apply	20% coinsurance after annual deductible is met	20% coinsurance after annual in-network deductible is met
Bariatric surgery ²	<ul style="list-style-type: none"> Deductible: \$5,000 Coinsurance: 20% Lifetime max: \$13,000 	Not covered	Not covered	Not covered
Chiropractic care	<ul style="list-style-type: none"> Without office visit: 20% coinsurance With office visit: \$40 copay plus 20% coinsurance Maximum benefits of \$75 per visit and maximum of 30 visits per calendar year 	40% coinsurance after annual deductible is met. Maximum benefits of \$75 per visit and maximum of 30 visits per calendar year	20% coinsurance after annual deductible is met. Maximum benefits of \$75 per visit and maximum of 30 visits per calendar year	40% coinsurance after annual deductible is met. Maximum benefits of \$75 per visit and maximum of 30 visits per calendar year
Diabetes equipment ²	20% coinsurance; see page 6 for details.	40% coinsurance after annual deductible is met; see page 6 for details.	20% coinsurance after annual deductible is met; see page 6 for details.	40% coinsurance after annual deductible is met; see page 6 for details.
Diabetes supplies	See page 6 for details.			
Diagnostic X-rays and lab tests	20% coinsurance	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Diagnostic mammography	Covered at 100%	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Durable medical equipment ²	20% coinsurance	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Facility-based providers (radiologists, pathologists and labs, anesthesiologists, emergency room physicians etc.)	20% coinsurance	Emergencies: 20% coinsurance; annual deductible does not apply. Non-emergencies: 40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	Emergencies: 20% coinsurance after annual in-network deductible is met. Non-emergencies: 40% coinsurance after annual out-of-network deductible is met.
Facility emergency care (non-FSER) and hospital-affiliated freestanding emergency departments	\$150 copay plus 20% coinsurance (If admitted, copay will apply to hospital copay.)	Emergencies: \$150 copay plus 20% coinsurance (If admitted, copay will apply to hospital copay.) Annual deductible does not apply. Non-emergencies: \$150 copay plus 40% coinsurance after annual out-of-network deductible is met.	20% coinsurance after annual deductible is met	Emergencies: 20% coinsurance after annual in-network deductible is met. Non-emergencies: 40% coinsurance after annual out-of-network deductible is met.
Freestanding emergency room facility	\$150 copay plus 20% coinsurance	Emergencies: \$300 copay plus 20% coinsurance; annual deductible does not apply. Non-emergencies: \$300 copay plus 40% coinsurance after annual out-of-network deductible is met.	20% coinsurance after annual deductible is met	Emergencies: 20% coinsurance after annual in-network deductible is met. Non-emergencies: 40% coinsurance after annual out-of-network deductible is met.
Habilitation and rehabilitation services - outpatient therapy (including physical therapy, occupational therapy and speech therapy)	20% coinsurance	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met

²Preauthorization may be required.

Service	HealthSelect of Texas® and HealthSelectSM Out-of-State In-Network	HealthSelect of Texas and HealthSelect Out-of-State Out-of-Network	Consumer Directed HealthSelectSM High-deductible Health Plan In-Network	Consumer Directed HealthSelect High-deductible Health Plan Out-of-Network
Hearing aids (for covered participants over age 18)	Plan pays up to \$1,000 per ear every three years. In-network and out-of-network hearing aids are covered at the same benefit level.		Plan pays up to \$1,000 per ear every three years after deductible is met.	
Hearing aids (for participants age 18 and under)	Plan pays 100%, limit of one hearing aid per ear every three years. In-network and out-of-network hearing aids are covered at the same benefit level.		20% coinsurance after annual in-network deductible is met. In-network and out-of-network hearing aids are covered at the same benefit level.	
High-tech radiology (CT scan, MRI and nuclear medicine) ²	\$100 copay plus 20% coinsurance	\$100 copay plus 40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Home health care ²	20% coinsurance	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Hospice care ²	20% coinsurance	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Inpatient hospital facility (semi-private room and day's board, and intensive care unit) ²	<ul style="list-style-type: none"> \$150/day copay plus 20% coinsurance \$750 copay max, up to 5 days per hospital stay \$2,250 copay max per calendar year per person 	<ul style="list-style-type: none"> \$150/day copay plus 40% coinsurance after annual deductible is met. \$750 copay max, up to 5 days per hospital stay \$2,250 copay max per calendar year per person 	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Maternity care doctor charges only; inpatient hospital copays will apply	\$25 or \$40 for first pre-natal visit; no charge for routine post natal appointments	40% coinsurance after annual deductible is met	No charge for routine prenatal appointments and 20% coinsurance for first post-natal visit after annual deductible is met	40% coinsurance after annual deductible is met
Medications and injections administered by a provider (see below for outpatient medications and injections) ²	<ul style="list-style-type: none"> Physician's office: Covered at 100% after copay (or 100% if no charge is assessed for office visit) Any other outpatient location: 20% coinsurance. Preventive vaccines covered at 100% 	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met Preventive vaccines covered at 100%	40% coinsurance after annual deductible is met
Office surgery and diagnostic procedures	20% coinsurance	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
PCP office visit	\$25 copay	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Private duty nursing ²	20% coinsurance	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Retail health/convenience care clinic	\$25 copay	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Routine eye exam, one per year per participant	\$40 copay	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Routine preventive care	No cost to participant(s)	40% coinsurance after annual deductible is met	No cost to participant(s)	40% coinsurance after annual deductible is met
Skilled nursing facility/inpatient rehabilitation facility services ²	20% coinsurance	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Specialist physician office visit	\$40 copay with valid PCP referral on file	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Surgery (outpatient) other than in physician's office ²	\$100 copay plus 20% coinsurance	\$100 copay plus 40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met

²Preauthorization may be required.

Service	HealthSelect of Texas® and HealthSelect SM Out-of-State In-Network	HealthSelect of Texas and HealthSelect Out-of-State Out-of-Network	Consumer Directed HealthSelect SM High-deductible Health Plan In-Network	Consumer Directed HealthSelect High-deductible Health Plan Out-of-Network
Telemedicine visit	Coverage is based on place of treatment billed. <ul style="list-style-type: none"> Physician's office: \$25/\$40 copay for physician's office visit Any other outpatient telemedicine: 20% coinsurance 	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Therapeutic treatments - outpatient	20% coinsurance	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Urgent care clinic	\$50 copay plus 20% coinsurance	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Virtual visits/e-visits (medical)	\$0 copay for virtual visits when provided by Doctor on Demand or MDLive	Not covered	20% coinsurance after annual deductible is met if Doctor on Demand or MDLive is used	Not covered

²Preauthorization may be required.

Mental Health/Behavioral Health/Substance Abuse Benefits

Benefits apply to all covered mental health/behavioral health/substance abuse services (including serious mental illness treatment, substance abuse treatment, autism spectrum disorder services, etc.).

	HealthSelect of Texas® and HealthSelect SM Out-of-State In-Network	HealthSelect of Texas and HealthSelect Out-of-State Out-of-Network	Consumer Directed HealthSelect SM High-deductible Health Plan In-Network	Consumer Directed HealthSelect High-deductible Health Plan Out-of-Network
Inpatient hospital mental health stay ²	<ul style="list-style-type: none"> \$150/day copay plus 20% coinsurance \$750 copay max, up to 5 days per hospital stay \$2,250 copay max per calendar year per person 	<ul style="list-style-type: none"> \$150/day copay plus 40% coinsurance after annual deductible is met \$750 copay max, up to 5 days per hospital stay \$2,250 copay max per calendar year per person 	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Mental health telemedicine	Coverage is based on place of treatment: \$25 copay for mental health office visit; 20% coinsurance for any other outpatient telemedicine.	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Outpatient facility care (partial hospitalization/ day treatment and extensive outpatient treatment) ²	20% coinsurance	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Outpatient physician or mental health provider office visit	\$25 copay	40% coinsurance after annual deductible is met	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Virtual visits/e-visits (mental health)	\$0 copay for virtual visits when provided by Doctor on Demand or MDLive	Not covered	20% coinsurance after annual deductible is met	Not covered

²Preauthorization may be required.

All Texas Employees Group Benefits Program (GBP) benefits could change without notice. The Texas Legislature decides the level of funding for such benefits and has no continuing obligation to provide those benefits beyond each fiscal year.

Prescription Drug Benefits

The cost share you pay for your medication depends on its drug tier, the quantity your purchase (30-, 60- or 90-day supply) and whether the prescription is filled at a retail pharmacy (network or non-network), Extended Day Supply Pharmacy (EDS) or mail service pharmacy.

You will pay less for your drugs when you fill your prescription at a network pharmacy. The OptumRx network includes thousands of retail locations, including national chains and many community pharmacies. To find a network pharmacy near you, use the Find a Network Pharmacy tool at www.HealthSelectRx.com or call an OptumRx customer care representative toll-free at (855) 828-9834 (TTY 711).

Non-maintenance medications are those prescribed for temporary use or for short-term conditions. Maintenance medications are those taken more regularly for long-term conditions.

	HealthSelect of Texas® and HealthSelect SM Out-of-State In-Network	HealthSelect of Texas and HealthSelect Out-of-State Out-of-Network	Consumer Directed HealthSelect SM High-deductible Health Plan In-Network	Consumer Directed HealthSelect High-deductible Health Plan Out-of-Network
Pharmacy benefits manager (PBM)	OptumRx (UnitedHealthcare)			
Out-of-network benefits?		Yes		Yes
Deductible	\$50 prescription drug deductible per participant per calendar year applies before the plan pays for any prescription drugs (except covered preventive medications, specific diabetic supplies (as listed on page 6) and insulin dispensed by an in-network pharmacy)		\$2,100 per individual; \$4,200 per family Medical and prescription drug expenses apply to the deductible.	\$4,200 per individual; \$8,400 per family Medical and prescription drug expenses apply to the deductible.
Tier 1 (mostly generic drugs)	Non-maintenance and maintenance: \$10 copay Mail order or extended day supply pharmacy (90 days' supply): \$30 copay	Non-maintenance and maintenance: \$10 copay plus 40% coinsurance Mail order or extended day supply pharmacy (90 days' supply): \$30 copay plus 40% coinsurance	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Tier 2 (mostly preferred brand name drugs) ²	<ul style="list-style-type: none"> • Non-maintenance: \$35 copay • Maintenance: \$45 copay • Mail order or extended day supply pharmacy: \$105 copay 	<ul style="list-style-type: none"> • Non-maintenance: \$35 copay plus 40% coinsurance • Maintenance: \$45 copay plus 40% coinsurance • Mail order or extended day supply: \$105 copay plus 40% coinsurance 	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Tier 3 (mostly non-preferred brand name drugs) ²	<ul style="list-style-type: none"> • Non-maintenance: \$60 copay • Maintenance: \$75 copay • Mail order or extended day supply pharmacy: \$180 copay 	<ul style="list-style-type: none"> • Non-maintenance: \$60 copay plus 40% coinsurance • Maintenance: \$75 copay plus 40% coinsurance • Mail order or extended day supply pharmacy: \$180 copay plus 40% coinsurance 	20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met
Specialty drugs ²	If purchased through a pharmacy, specialty drugs are covered at the specific tier level (generic, preferred or non-preferred) as listed above. Otherwise, they are covered as a medical benefit.		20% coinsurance after annual deductible is met	40% coinsurance after annual deductible is met

²Preauthorization may be required.

Diabetes Equipment and Supplies

Other diabetes equipment, supplies, and prescription drugs not listed below may be covered under these plans. For more information about your prescription drug benefits or for help finding an in-network pharmacy, contact HealthSelect PDP customer care toll-free at (855) 828-9834 (TTY:711). For more information on your medical plan benefits, contact a BCBSTX Personal Health Assistant toll-free at (800) 252-8039 (TTY: 711).

	HealthSelect of Texas and HealthSelect Out-of-State		Consumer Directed HealthSelect	
	Prescription Drug Program (PDP) benefits	Medical plan benefits	Prescription Drug Program (PDP) benefits	Medical plan benefits
Diabetes glucometers	OneTouch Ultra, OneTouch Verio, OneTouch Verio Flex, or OneTouch Verio Reflect Meter* brands of diabetes glucometers are covered at no cost to participants when received through LifeScan's free glucometer program. For more information on the free glucometer program, call OptumRx. Other brands of diabetes glucometers covered under the PDP apply either a Tier 2 or Tier 3 copay when purchased from a PDP in-network pharmacy.	20% coinsurance when purchased from a BCBSTX in-network provider 40% coinsurance after annual out-of-network deductible is met when purchased from a BCBSTX out-of-network provider	OneTouch Ultra, OneTouch Verio, OneTouch Verio Flex, or OneTouch Verio Reflect Meter* brands of diabetes glucometers are covered at no cost to participants when received through LifeScan's free glucometer program. For more information on the free glucometer program, call OptumRx. Other brands of diabetes glucometers covered under the PDP apply 20% coinsurance after annual in-network deductible is met when purchased from a PDP in-network pharmacy.	20% coinsurance after annual in-network deductible is met when purchased from a BCBSTX in-network provider 40% coinsurance after annual out-of-network deductible is met when purchased from a BCBSTX out-of-network provider
Diabetic supplies	OneTouch Ultra, OneTouch Verio, OneTouch Verio Flex, or OneTouch Verio Reflect* diabetic test strips are covered at no cost to participants when purchased from a PDP in-network pharmacy. Lancets, lancing devices, and syringes are covered at no cost to participants when purchased from a PDP in-network pharmacy. Other covered diabetic supplies covered under the PDP apply either a Tier 1, Tier 2, or Tier 3 copay when purchased from a PDP in-network pharmacy.	20% coinsurance for in-network and out-of-network covered diabetic supplies. Annual deductible does not apply. 40% coinsurance after annual out-of-network deductible is met when purchased from a BCBSTX out-of-network provider	20% coinsurance for covered diabetic supplies after annual in-network deductible is met when purchased from a PDP in-network pharmacy. 40% coinsurance after annual out-of-network deductible is met when purchased from a PDP out-of-network pharmacy.	20% coinsurance for in-network and out-of-network covered diabetic supplies. Annual deductible does not apply. 40% coinsurance after annual out-of-network deductible is met when purchased from a BCBSTX out-of-network provider.
Prescription insulin	In-network pharmacy: Insulin products on the PDP drug list (formulary) are covered at a Tier 1, Tier 2 or Tier 3 copay. The annual prescription drug deductible does not apply to these products beginning 9/1/21. Out-of-network pharmacy: Insulin products are covered at a Tier 1, Tier 2 or Tier 3 copay and 40% coinsurance.	Not covered under medical plan benefits	In-network pharmacy: 20% coinsurance for insulin products on the PDP drug list (formulary). The annual prescription drug deductible does not apply to these products beginning 9/1/21. Out-of-network pharmacy: 40% coinsurance for insulin products after annual out-of-network deductible is met.	Not covered under medical plan benefits

*Benefits and covered brands of glucometers and test strips are subject to change.

2. HealthSelect (Medicare primary) and HealthSelect Medicare Advantage Plan (Medicare primary)

	Original Medicare	HealthSelect SM Medicare Advantage Plan In-Network and Out-of-Network	HealthSelect SM Secondary In-Network and Out-of-Network
Administrator	Centers for Medicare & Medicaid Services	UnitedHealthcare	Blue Cross and Blue Shield of Texas (BCBSTX)
How this plan works	Medicare covers hospital stays (Part A) and certain doctors' services, supplies, preventive services and more (Part B). You can also purchase Part D prescription drug coverage. Providers who accept Medicare submit claims for you. Once you meet your deductible(s), you are responsible for the share of cost listed in this chart.	HealthSelect MA PPO is a Medicare Advantage plan, also known as Medicare Part C. It includes benefits under Medicare Parts A and B plus extra programs. It includes prescription drug coverage through HealthSelect Medicare Rx. You must continue to pay your Part B premiums. This plan has a provider network, but you can see any provider who accepts Medicare and agrees to see you. In-network providers will submit claims for you. There are no deductibles for the medical plan. There is a \$50 annual deductible per person for prescription drug coverage. You are responsible for the share of cost listed in this chart.	HealthSelect Secondary pays secondary to Medicare but is not a Medicare Advantage plan. It includes prescription drug coverage through HealthSelect Medicare Rx. You must continue to pay your Part B premiums. The plan has a provider network, but you can see any provider who accepts Medicare. In-network providers will submit claims for you. This plan has higher dependent and tiered premiums and higher out-of-pocket costs than HealthSelect MA PPO. For most Medicare-covered services, your share of costs is usually \$0 after you meet your deductibles and after Medicare pays. If Medicare does not cover a service, this plan pays primary. Once you meet your annual deductible(s) you are responsible for the share of cost listed in this chart.
Annual medical deductible	Part A deductible: \$1,408 Part B deductible: \$198 You must meet your annual deductible before Medicare pays for covered services.	None	Deductible per individual: \$200 Deductible per family: \$600 You must meet your Medicare AND your HealthSelect Secondary deductibles before the plan pays for covered services. The two deductibles run concurrently.
Out-of-network coverage?	N/A; the benefits below apply to services from any provider who accepts Medicare.	Yes. Out-of-network services are covered at the same benefit levels as long as the provider accepts Medicare and agrees to treat you.	Yes. Most out-of-network services are covered at the same benefit levels as long as the provider accepts Medicare and this plan.
Balance billing? (when an out-of-network provider charges you the difference between their billed charges and amount your plan allows)	No. Balance billing does not apply as long as provider accepts Medicare.	No. Balance billing does not apply as long as provider accepts Medicare.	Yes. Balance billing may apply to certain out-of-network services. When a service is not covered by Medicare or Medicare benefits are exhausted, you could be balance-billed.
Total in-network out-of-pocket maximum	None	\$1,000 per person (includes medical services only); resets each calendar year	\$6,750 per person or \$13,500 per family (includes medical and prescription drug copays, coinsurance and deductibles; excludes non-network and non-covered services); resets each calendar year
Out-of-pocket coinsurance maximum	None	None	\$3,000 per person (includes medical coinsurance only); resets each calendar year
Inpatient copay maximum	None	None	None

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	Original Medicare	HealthSelect SM Medicare Advantage Plan In-Network and Out-of-Network	HealthSelect SM Secondary In-Network and Out-of-Network
Primary care provider (PCP) required?	No	No, but recommended.	No
Referrals required?	No	No	No

Medical Benefits			
	Original Medicare	HealthSelect SM Medicare Advantage Plan In-Network and Out-of-Network	HealthSelect SM Secondary In-Network and Out-of-Network
Allergy treatment	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Ambulance services (for emergencies)	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Bariatric surgery	Covered for certain conditions related to morbid obesity. Bariatric surgery is covered at the same cost as an inpatient hospital or outpatient hospital visit, depending on where the surgery is performed.	Covered for certain conditions related to morbid obesity. No cost to participant(s) when coverage requirements are met. ¹	Not covered
Chiropractic care	20% coinsurance for Medicare-covered chiropractic services	No cost to participants. Chiropractic services not covered by Medicare are limited to 30 visits per plan year.	\$0 copay / 30% coinsurance; maximum of 30 visits per calendar year covered; \$75 maximum benefit per visit
Diabetes equipment ¹	20% coinsurance after annual Part B deductible is met; see page 6 for details	No cost to participant(s) for certain brands of equipment; see page 6 for details	\$0 copay / 30% coinsurance; see page 6 for details
Diabetes supplies	See page 6 for details		
Diagnostic X-rays and lab tests ³	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Diagnostic mammography	20% coinsurance	No cost to participant(s)	In-network: No cost to participant(s). Out-of-network: Balance billing may apply
Durable medical equipment ¹	20% coinsurance	No cost to participant(s) for Medicare-covered equipment	\$0 copay / 30% coinsurance
Eye exam – routine	Not covered	No cost to participant(s) for refraction exam; limited to one exam every 12 months	30% coinsurance; limited to one exam per calendar year
Facility-based providers (radiologists, pathologists and labs, anesthesiologists, emergency room physicians etc.)	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Facility emergency care and hospital-affiliated freestanding emergency departments (not freestanding emergency room facilities)	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Freestanding emergency room facility (FSER)	Not covered by Medicare	Not covered by Medicare	\$0 copay / 30% coinsurance FSERs are not covered by Medicare, so HealthSelect will pay primary.

¹Preauthorization may be required.

³In the event that the provider/facility does not accept Medicare assignment (so the charges are not covered by Medicare and therefore not subject to Coordination of Benefits (COB), you may be responsible for copay(s) and/or a coinsurance. Please see your Evidence of Coverage or Master Benefit Plan Document for more information.

Medical Benefits			
	Original Medicare	HealthSelectSM Medicare Advantage Plan In-Network and Out-of-Network	HealthSelectSM Secondary In-Network and Out-of-Network
Habilitation and rehabilitation services - outpatient therapy (including physical therapy, occupational therapy and speech therapy)	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Hearing aids (for covered participants over age 18)	Not covered	Up to \$2,000 allowance for one or both ears every three years	Up to \$1,000 allowance per ear for any consecutive 36-month period and \$1 per battery. Annual HealthSelect Secondary deductible does not apply.
Hearing test – routine	Not covered	No cost to participant(s); limited to one test per plan year	30% coinsurance
High-tech radiology (CT scan, MRI and nuclear medicine)	20% coinsurance	No cost to participant(s) ¹	\$0 copay / 30% coinsurance
Home health care ¹	No cost to participant(s)	No cost to participant(s)	\$0 copay / 30% coinsurance for home infusion therapy Plan pays 100% for all other home health care services. Maximum of 100 visits per calendar year when non-network providers are used.
Hospice care ¹	Covered services from Medicare-certified hospice program: • Hospice services and Part A and Part B services related to terminal prognosis • 5% coinsurance for Medicare-approved inpatient respite care • \$5 copay for pain management drugs	Services through a Medicare-certified hospice program are covered by Medicare, not HealthSelect MA PPO	\$0 copay / 30% coinsurance Annual HealthSelect Secondary deductible does not apply.
Hospital - inpatient stay (semi-private room and day's board, and intensive care unit) ¹	\$0 after the following amounts for each benefit period ² : • 1-60 days: \$1,408 deductible • 61-90 days: \$352 copay per day • 91-150 days: \$704 copay per lifetime reserve day	No cost to participant(s)	\$0 copay ³ / 30% coinsurance
Medications and injections administered by a provider (see below for outpatient medications and injections) ^{*1}	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance Preventive vaccines are covered at 100%*
Office surgery and diagnostic procedures	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance

*Under the Affordable Care Act and CMS requirements, certain preventive health and women's services are paid at 100% (at no cost to the participant) conditioned upon physician billing and diagnosis. In some cases, you may still be responsible for payment on some services. Balance-billing may apply for out-of-network providers. Some age requirements may apply.

¹Preauthorization may be required.

²A "benefit period" starts the day you go into the hospital. It ends after 60 days in a row without returning to hospital care. If you go into the hospital after one benefit period has ended, a new benefit period will begin. You must pay the inpatient hospital deductible for each benefit period. There is no limit to the number of benefit periods you may have.

³In the event that the provider/facility does not accept Medicare assignment (so the charges are not covered by Medicare and therefore not subject to Coordination of Benefits (COB), you may be responsible for copay(s) and/or a coinsurance. Please see your Evidence of Coverage or Master Benefit Plan Document for more information.

Medical Benefits			
	Original Medicare	HealthSelectSM Medicare Advantage Plan In-Network and Out-of-Network	HealthSelectSM Secondary In-Network and Out-of-Network
PCP office visit	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Preventive Services* (physical, screening mammogram, well woman exam, prostate cancer screening, etc.)	No cost to participant(s) if covered by Medicare*; limited to one screening per type per plan year. Does not cover lab tests.	No cost to participant(s) if covered by Medicare.*	In-network: No cost to participant(s)* Out-of-network: Balance billing may apply
Private duty nursing ¹	Not covered	30% coinsurance The plan covers up to a maximum benefit of \$8,000 per calendar year. After that, you are responsible for the full cost of services. Coinsurance does not apply to your annual total out-of-pocket maximum.	30% coinsurance; Unlimited hours
Retail health/ convenience care clinic	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Skilled nursing facility (SNF)/ inpatient rehabilitation facility services ¹	Days 1-20: \$0 (3-day hospital stay required) Days 21-100: \$176 coinsurance per day per benefit period ²	No cost to participant(s) per 100-day benefit period. ² Includes unlimited 100-day benefit periods. If services extend beyond 100 days, you are responsible for the full cost of services.	No cost to participant(s) Annual HealthSelect Secondary deductible does not apply
Specialist physician office visit	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Surgery (outpatient) other than in physician's office ¹	20% coinsurance; specified copay for outpatient hospital facility charges	No cost to participant(s)	\$0 copay / 30% coinsurance
Telemedicine visit	20% coinsurance	No cost to participant(s) for each Medicare-covered telehealth visit	\$0 copay / 30% coinsurance
Therapeutic treatments - outpatient	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Urgent care clinic	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Virtual visits / e-visits (medical)	Not covered	No cost to participant(s) for in-network and out-of-network virtual visit providers	Doctor on Demand or MDLive covered at no cost to participant(s); other providers not covered

*Under the Affordable Care Act and CMS requirements, certain preventive health and women's services are paid at 100% (at no cost to the participant) conditioned upon physician billing and diagnosis. In some cases, you may still be responsible for payment on some services. Balance-billing may apply for out-of-network providers. Some age requirements may apply.

¹Preauthorization may be required.

²A "benefit period" starts the day you go into the hospital. It ends after 60 days in a row without returning to hospital care. If you go into the hospital after one benefit period has ended, a new benefit period will begin. You must pay the Medicare inpatient hospital deductible for each benefit period. There is no limit to the number of benefit periods you may have.

Mental Health/Behavioral Health/Substance Abuse Benefits			
Benefits apply to all covered mental health and behavioral health services (including serious mental illness treatment, substance abuse treatment, autism spectrum disorder services, etc.).			
	Original Medicare	HealthSelectSM Medicare Advantage Plan In-Network and Out-of-Network	HealthSelectSM Secondary In-Network and Out-of-Network
Administrator and network	N/A	Optum Behavioral Health Network	Blue Cross and Blue Shield of Texas
Inpatient hospital mental health stay¹	\$0 after the following amounts for each benefit period ² : • Days 1-60: \$1,408 deductible • Days 61-90: \$352 copay per day • Days 91-150: \$704 copy per lifetime reserve day	No cost to participant(s). Limited to 190 days in a psychiatric hospital over lifetime	\$0 copay ³ / 30% coinsurance
Mental health telemedicine	20% coinsurance	No cost to participant(s) for each Medicare-covered telehealth visit	\$0 copay / 30% coinsurance
Outpatient facility care (partial hospitalization/ day treatment and extensive outpatient treatment)¹	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Outpatient physician or mental health provider office visit	20% coinsurance	No cost to participant(s)	\$0 copay / 30% coinsurance
Virtual visits / e-visits (mental health)	Not covered	No cost to participant(s) for in-network and out-of-network virtual visit providers.	Doctor on Demand or MDLive covered at no cost to participant(s); other providers not covered.

¹Preauthorization may be required.

²A "benefit period" starts the day you go into the hospital. It ends after 60 days in a row without returning to hospital care. If you go into the hospital after one benefit period has ended, a new benefit period will begin. You must pay the inpatient hospital deductible for each benefit period. There is no limit to the number of benefit periods you may have.

³In the event that the provider/facility does not accept Medicare assignment (so the charges are not covered by Medicare and therefore not subject to Coordination of Benefits (COB)), you may be responsible for copay(s) and/or a coinsurance. Please see your Evidence of Coverage or Master Benefit Plan Document for more information.

Prescription Drug Benefits			
HealthSelect MA PPO and HealthSelect Secondary include comprehensive prescription drug coverage through HealthSelect SM Medicare Rx, administered by UnitedHealthcare.			
The cost share you pay for your medication depends on its drug tier, the quantity your purchase (30-, 60- or 90-day supply) and whether the prescription is filled at a retail pharmacy, Extended Days Supply Pharmacy (EDS) or mail service pharmacy. You will pay less for your drugs when you fill your prescription at a network pharmacy.			
Non-maintenance medications are those prescribed for temporary use or for short-term conditions. Maintenance medications are those taken more regularly for long-term conditions.			
	Original Medicare	HealthSelectSM Medicare Advantage Plan In-Network and Out-of-Network	HealthSelectSM Secondary In-Network and Out-of-Network
Pharmacy benefits manager (PBM)	You must be enrolled in an eligible Medicare Part D plan. If you are not enrolled in a Part D plan, you do not have coverage for prescription drugs.	UnitedHealthcare	UnitedHealthcare
Out-of-network benefits⁴	Depends on Medicare Part D prescription drug plan and benefits	Yes	Yes
Prescription Drug Plan (PDP) deductible (per participant, per plan year)	Depends on Part D plan	\$50	\$50
Tier 1 (mostly generic drugs)	Depends on Part D plan	• Nonmaintenance and maintenance: \$10 copay • 90 days' supply mail order or extended day supply: \$30 copay	• Nonmaintenance and maintenance: \$10 copay • 90 days' supply mail or extended day supply: \$30 copay

⁴ Out-of-network prescriptions and diabetic supplies may be covered in certain situations, depending on Medicare requirements and your specific circumstance. Your prescription may be covered in certain situations. Your cost may be greater if you use an out-of-network pharmacy to fill your prescription, and you must submit a paper claim in order to be reimbursed.

Prescription Drug Benefits			
	Original Medicare	HealthSelect SM Medicare Advantage Plan In-Network and Out-of-Network	HealthSelect SM Secondary In-Network and Out-of-Network
Tier 2 (mostly preferred brand name drugs) ¹	Depends on Part D plan	<ul style="list-style-type: none"> • Nonmaintenance: \$35 copay • Maintenance: \$45 copay • Mail order or extended day supply: \$105 copay 	<ul style="list-style-type: none"> • Nonmaintenance: \$35 copay • Maintenance: \$45 copay • Mail order or extended day supply: \$105 copay
Tier 3 (mostly non-preferred brand name drugs) ¹	Depends on Part D plan	<ul style="list-style-type: none"> • Nonmaintenance: \$60 copay • Maintenance: \$75 copay • Mail order or extended day supply: \$180 copay 	<ul style="list-style-type: none"> • Nonmaintenance: \$60 copay • Maintenance: \$75 copay • Mail order or extended day supply: \$180 copay
Specialty drugs ¹	Depends on Part D plan	Specialty drugs purchased through a pharmacy are covered as either Tier 2 or Tier 3 drugs. Otherwise they are covered as a medical benefit.	Specialty drugs purchased through a pharmacy are covered as either Tier 2 or Tier 3 drugs. Otherwise they are covered as a medical benefit.

¹Preauthorization may be required.

Diabetes Equipment and Supplies					
Other diabetes equipment, supplies and prescription drugs not listed below may be covered under these plans. For more information about your medical and prescription drug plan benefits, refer to the contact information on page 16 of your Fall Enrollment guide or on the back of your ID card for your medical or prescription drug plan.					
Supply	Original Medicare	HealthSelect MA PPO (HealthSelect SM Medicare Rx) In-Network and Out-of-Network		HealthSelect SM Secondary (HealthSelect SM Medicare Rx) In-Network and Out-of-Network	
	Medical and prescription drug benefits	Prescription Drug Plan (PDP) benefits (UnitedHealthcare)	Medical plan benefits (UnitedHealthcare)	Prescription Drug Plan (PDP) benefits (UnitedHealthcare)	Medical plan benefits (BCBSTX)
Diabetes Glucometers	Covered under Medicare Part B; 20% coinsurance	Not covered under PDP benefits	No cost to participant(s) for certain brands of glucometers. Covered glucometers include: OneTouch Verio Flex®, OneTouch Verio Reflect®, OneTouch® Ultra 2, Accu-Chek® Guide Me and AccuChek® Guide. Other brands may not be covered.	Not covered under PDP benefits	\$0 copay / 30% coinsurance
Diabetes glucometer test strips	Covered under Medicare Part B; 20% coinsurance	Not covered under PDP benefits	No cost to participant(s) for certain brands of test strips. Covered test strips include: OneTouch Verio®, OneTouch Ultra®, Accu-Chek® Guide, Accu-Chek® Aviva Plus and AccuChek® SmartView. Other brands may not be covered.	Not covered under PDP benefits	\$0 copay / 30% coinsurance
Other diabetes supplies ^{1,4}	Covered under Medicare Part D; deductible, coinsurance and/or copay may apply, depending on Part D plan benefits.	In-network pharmacy: Insulin syringes and pen needles are covered at no cost to participants. Some supplies may be covered under medical plan benefits.	No cost to participant(s) for preferred covered diabetes monitoring supplies, including lancets and lancing devices. Certain brands of diabetes supplies may not be covered. For more information, contact HealthSelect MA PPO.	In-network pharmacy: Insulin syringes and pen needles are covered at no cost to participants. Some supplies may be covered under medical plan benefits.	\$0 copay / 30% coinsurance Some supplies may be covered under PDP benefits. For more information, contact HealthSelect Secondary.
Prescription insulin ^{1,4}	Covered under Medicare Part D; deductible, coinsurance and/or copay may apply, depending on Part D plan benefits.	In-network pharmacy: Insulin products on the PDP drug list (formulary) are covered at a Tier 2 or Tier 3 copay. The annual PDP deductible does not apply to formulary insulin beginning 1/1/22.	Not covered under medical plan benefits	In-network pharmacy: Insulin products on the PDP drug list (formulary) are covered at a Tier 2 or Tier 3 copay. The annual PDP deductible does not apply to formulary insulin beginning 1/1/22.	Not covered under medical plan benefits

¹Preauthorization may be required.

⁴ Out-of-network prescriptions and diabetic supplies may be covered in certain situations, depending on Medicare requirements and your specific circumstance. Your prescription may be covered in certain situations. Your cost may be greater if you use an out-of-network pharmacy to fill your prescription, and you must submit a paper claim in order to be reimbursed.



Section VIII - Detailed Valuation Results

A. Actuarial Valuation Date: August 31, 2021

B. Summary of Results as of August 31, 2021

	Number of Members	Actuarial Present Value of Projected Benefit Payments	Total OPEB Liability	Normal Cost	Payroll
Actives	224,904	\$ 40,260,243,147	\$ 18,946,851,028	\$ 1,617,051,996	\$ 12,586,390,133
Deferred Vesteds	14,969	2,710,795,367	2,710,795,367	-	-
Retirees & Nominees	134,517	14,353,513,904	14,353,513,904	-	-
Total	374,390	\$ 57,324,552,418	\$ 36,011,160,299	\$ 1,617,051,996	\$ 12,586,390,133



C. Summary of Active Member Census

State Agency Employees¹

Age and Service Table for Actives as of August 31, 2021

Current Age	Current Years of Benefit Service									Age Totals	Percent of Total	
	t < 5	5 <= t < 10	10 <= t < 15	15 <= t < 20	20 <= t < 25	25 <= t < 30	30 <= t < 35	35 <= t < 40	40 <= t			
x < 20	881										881	0.63%
20 <= x < 25	6,883	119									7,002	5.02%
25 <= x < 30	10,481	2,816	39								13,336	9.55%
30 <= x < 35	8,438	6,327	1,257	62							16,084	11.52%
35 <= x < 40	7,025	5,676	3,704	1,235	116						17,756	12.72%
40 <= x < 45	6,019	4,648	3,249	2,503	1,390	77					17,886	12.81%
45 <= x < 50	5,271	4,133	2,908	2,228	2,868	1,363	46				18,817	13.48%
50 <= x < 55	4,693	3,803	2,864	2,220	2,479	1,888	436	23			18,406	13.18%
55 <= x < 60	3,755	3,322	2,530	1,943	1,604	974	538	136	7		14,809	10.61%
60 <= x < 65	2,027	2,477	1,985	1,355	846	552	344	157	51		9,794	7.02%
65 <= x < 70	648	989	801	427	318	195	117	65	33		3,593	2.57%
x >= 70	226	325	260	156	104	83	50	14	18		1,236	0.89%
<i>Service Totals</i>	56,347	34,635	19,597	12,129	9,725	5,132	1,531	395	109		139,600	100.00%
<i>Percent of Total</i>	40.36%	24.81%	14.04%	8.69%	6.97%	3.68%	1.10%	0.28%	0.08%		100.00%	

¹) Excludes 2,206 Return-to-Work Retirees.



Higher Education Employees¹

Age and Service Table for Actives as of August 31, 2021

<i>Current Age</i>	<i>Current Years of Benefit Service</i>									<i>Age Totals</i>	<i>Percent of Total</i>	
	<i>t < 5</i>	<i>5 <= t < 10</i>	<i>10 <= t < 15</i>	<i>15 <= t < 20</i>	<i>20 <= t < 25</i>	<i>25 <= t < 30</i>	<i>30 <= t < 35</i>	<i>35 <= t < 40</i>	<i>40 <= t</i>			
<i>x < 20</i>	23										23	0.03%
<i>20 <= x < 25</i>	1,382	11									1,393	1.82%
<i>25 <= x < 30</i>	4,232	773	7								5,012	6.57%
<i>30 <= x < 35</i>	4,160	2,883	563	13							7,619	9.98%
<i>35 <= x < 40</i>	3,539	3,190	2,002	567	27						9,325	12.22%
<i>40 <= x < 45</i>	2,825	2,732	2,017	1,500	636	15					9,725	12.74%
<i>45 <= x < 50</i>	2,380	2,163	1,762	1,538	1,411	295	8				9,557	12.52%
<i>50 <= x < 55</i>	2,146	1,947	1,738	1,495	1,626	899	72	12			9,935	13.01%
<i>55 <= x < 60</i>	1,809	1,669	1,495	1,354	1,512	1,114	233	53	13		9,252	12.12%
<i>60 <= x < 65</i>	1,184	1,390	1,283	1,199	1,175	625	792	25	42		7,715	10.11%
<i>65 <= x < 70</i>	500	739	675	610	614	327	765	8	19		4,257	5.58%
<i>x >= 70</i>	197	325	334	358	344	197	286	476	9		2,526	3.31%
<i>Service Totals</i>	24,377	17,822	11,876	8,634	7,345	3,472	2,156	574	83		76,339	100.00%
<i>Percent of Total</i>	31.93%	23.35%	15.56%	11.31%	9.62%	4.55%	2.82%	0.75%	0.11%		100.00%	

1) Excludes 142 Return-to-Work Retirees.



Other Employees^{1,2}

Age and Service Table for Actives as of August 31, 2021

Current Age	Current Years of Benefit Service									Age Totals	Percent of Total	
	t<5	5 <= t < 10	10 <= t < 15	15 <= t < 20	20 <= t < 25	25 <= t < 30	30 <= t < 35	35 <= t < 40	40 <= t			
x < 20	1										1	0.02%
20 <= x < 25	231										231	3.53%
25 <= x < 30	495	119									614	9.38%
30 <= x < 35	286	310	67	4							667	10.19%
35 <= x < 40	192	241	259	80	3						775	11.84%
40 <= x < 45	157	173	256	223	32	1					842	12.86%
45 <= x < 50	162	123	120	399	73	33	4				914	13.96%
50 <= x < 55	173	107	125	326	179	58	42	2			1,012	15.46%
55 <= x < 60	129	117	107	61	230	37	39	17	1		738	11.27%
60 <= x < 65	89	102	79	34	80	50	17	11	12		474	7.24%
65 <= x < 70	32	47	42	17	12	40	7	7	5		209	3.19%
x >= 70	16	18	11	11	6	6	2				70	1.07%
Service Totals	1,963	1,357	1,066	1,155	615	225	111	37	18		6,547	100.00%
Percent of Total	29.98%	20.73%	16.28%	17.64%	9.39%	3.44%	1.70%	0.57%	0.27%		100.00%	

1) Excludes 70 Return-to-Work Retirees.

2) Employees of the following Agencies: Community Supervision Corrections Department, North Texas Tollway Authority, Texas Cooperative Inspection Program, Texas County and District Retirement System, Texas Municipal Retirement System, University of Texas Medical Branch and Windham School District.



D. Summary of Deferred Vested Member Census by Age and Employer

<i>Current Age</i>	<i>Employer</i>			<i>Age Totals</i>	<i>Percent of Total</i>
	<i>State Agency</i>	<i>Higher Education</i>	<i>Other¹</i>		
<i>x < 35</i>	94	40	0	134	0.90%
<i>35 <= x < 40</i>	542	369	0	911	6.09%
<i>40 <= x < 45</i>	998	925	0	1,923	12.85%
<i>45 <= x < 50</i>	1,457	1,217	2	2,676	17.88%
<i>50 <= x < 55</i>	2,021	1,470	4	3,495	23.35%
<i>55 <= x < 60</i>	1,830	1,465	2	3,297	22.03%
<i>60 <= x < 65</i>	566	1,196	3	1,765	11.79%
<i>x >=65</i>	160	607	1	768	5.13%
<i>Employer Totals</i>	7,668	7,289	12	14,969	100.00%
<i>Percent of Total</i>	51.23%	48.69%	0.08%	100.00%	

1) Employees of the following Agencies: Community Supervision Corrections Department, North Texas Tollway Authority, Texas Cooperative Inspection Program, Texas County and District Retirement System, Texas Municipal Retirement System, University of Texas Medical Branch and Windham School District.



E. Summary of Retiree and Nominee Member Census by Age and Employer¹

<i>Current Age</i>	<i>Employer²</i>			<i>Age Totals</i>	<i>Percent of Total</i>
	<i>State Agency</i>	<i>Higher Education</i>	<i>Other³</i>		
<i>x < 40</i>	54	6	4	64	0.05%
<i>40 <= x < 45</i>	53	7	1	61	0.05%
<i>45 <= x < 50</i>	361	28	27	416	0.31%
<i>50 <= x < 55</i>	3,848	155	208	4,211	3.13%
<i>55 <= x < 60</i>	10,178	900	427	11,505	8.55%
<i>60 <= x < 65</i>	16,900	2,648	668	20,216	15.03%
<i>65 <= x < 70</i>	21,661	5,569	897	28,127	20.91%
<i>70 <= x < 75</i>	21,419	7,132	740	29,291	21.77%
<i>75 <= x < 80</i>	13,382	5,573	402	19,357	14.39%
<i>80 <= x < 85</i>	7,733	3,821	170	11,724	8.72%
<i>85 <= x < 90</i>	4,252	2,068	40	6,360	4.73%
<i>90 <= x < 95</i>	1,636	873	13	2,522	1.87%
<i>95 <= x < 100</i>	404	163	1	568	0.42%
<i>x >= 100</i>	56	38	1	95	0.07%
<i>Employer Totals</i>	101,937	28,981	3,599	134,517	100.00%
<i>Percent of Total</i>	75.78%	21.54%	2.68%	100.00%	

1) Retirees and nominees count comprised of 74,707 enrolled in HealthSelect Medicare Advantage, 54,438 enrolled in HealthSelect, 5,044 not enrolled in a health plan and 328 who receive the Opt-Out Credit in lieu of health benefits.

2) Includes 227 State Agency Retirees, 85 Higher Education Retirees and 16 Other Retirees receiving the Opt-Out Annuity.

3) Employees of the following Agencies: Community Supervision Corrections Department, North Texas Tollway Authority, Texas Cooperative Inspection Program, Texas County and District Retirement System, Texas Municipal Retirement System, University of Texas Medical Branch and Windham School District.

Section IX - Glossary

Actuarial Accrued Liability (Past Service Liability): See Total OPEB Liability.

Actuarial Gain or Loss: From one plan year to the next, if the experience of the plan differs from that anticipated by the actuarial assumptions, an actuarial gain or loss occurs.

Actuarial Present Value of Projected Benefit Payments: Projected benefit payments include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of projected benefit payments as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

Discount Rate: The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the actuarial present values determined using (a) the long-term rate of return for the periods during which the plan's fiduciary net position is sufficient to make the projected benefit payments and (b) the municipal bond rate for the remaining periods of the projection.

Entry Age Actuarial Cost Method: A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the Normal Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the Total OPEB Liability (or Actuarial Accrued Liability).

Fiduciary Net Position: Assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. (Also known as the Actuarial Value of Assets.)

Health Benefit Cost Trend: The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments.

Long-Term Expected Rate of Return: The expected return on OPEB plan investments that are expected to be used to finance the payment of benefits.

Municipal Bond Rate: A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Net OPEB Liability: The liability of employers and **Non-Employer Contributing Entities** to plan members for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB No. 75. The Net OPEB Liability is equal to the Total OPEB Liability reduced by the Fiduciary Net Position. (Also known as the Unfunded Actuarial Accrued Liability.)

Non-Employer Contributing Entities: For arrangements in which OPEB is provided through an OPEB plan (like the GBP) that meets the criteria in paragraph 4 of GASB No. 75, entities that make contributions, including amounts for OPEB as the benefits come due, to an OPEB plan that is used to provide OPEB to the employees of other entities. For purposes of GASB No. 75, plan members are not considered **Non-Employer Contributing Entities**.

Note: while the State of Texas is the employer for state agencies and universities, it is also a **Non-Employer Contributing Entity** with respect to the OPEB contributions for employees of junior and community colleges paid from Appropriated Fund 0001 (General Revenue Fund). It is the only Non-Employer Contributing Entity that makes OPEB contributions to the GBP.

Normal Cost: Computed differently under different actuarial cost methods, the Normal Cost generally represents the portion of the Actuarial Present Value of Total Projected Plan Benefits attributed to the current year of service for active employees.

Total OPEB Liability: The portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with the requirements of GASB No. 75. The total OPEB liability is the liability of employers and **Non-Employer Contributing Entities** to plan members for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75. (Also known as the Actuarial Accrued Liability.)

Unfunded Actuarial Accrued Liability: See Net OPEB Liability.



Appendix A

Amortization Schedules of Outflows and Inflows of Resources



A. Schedule of Differences between Expected and Actual Experience

In accordance with Paragraph No. 86a of GASB No. 75, the effects of differences between expected and actual experience should be included in OPEB expense, beginning in the current measurement period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period. The following table illustrates the application of this requirement.

Measurement Period Ended 8/31	Differences Between Expected and Actual Experience ¹	Average Expected Remaining Service Lives (Years)	Increase (Decrease) in OPEB Expense Arising from the Effects of Differences between Expected and Actual Experience (Measurement Period Ended 8/31)									
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2017	\$ (501,666,343)	5.44	\$ (92,218,078)	\$ (92,218,078)	\$ (92,218,078)	\$ (92,218,078)	\$ (92,218,078)	\$ (40,575,953)	\$ 0	\$ 0	\$ 0	\$ 0
2018	\$ (935,688,538)	5.60		(167,087,239)	(167,087,239)	(167,087,239)	(167,087,239)	(167,087,239)	(100,252,343)	0	0	0
2019	\$ (89,008,957)	5.50			(16,183,447)	(16,183,447)	(16,183,447)	(16,183,447)	(16,183,447)	(8,091,722)	0	0
2020	\$ (818,423,526)	5.46				(149,894,419)	(149,894,419)	(149,894,419)	(149,894,419)	(149,894,419)	(68,951,431)	0
2021	\$ (15,785,855)	5.62					(2,808,871)	(2,808,871)	(2,808,871)	(2,808,871)	(2,808,871)	(1,741,500)
Net increase (decrease) in OPEB expense			<u>\$ (92,218,078)</u>	<u>\$ (259,305,317)</u>	<u>\$ (275,488,764)</u>	<u>\$ (425,383,183)</u>	<u>\$ (428,192,054)</u>	² <u>\$ (376,549,929)</u>	<u>\$ (269,139,080)</u>	<u>\$ (160,795,012)</u>	<u>\$ (71,760,302)</u>	<u>\$ (1,741,500)</u>

¹ See the Schedule of Changes in the Net OPEB Liability in Section IV.A. Positive amounts represent actual experience that increases the total OPEB liability greater than projected or decreases the total OPEB liability less than projected (experience losses) and result in increases in OPEB expense and deferred outflows of resources. Negative amounts represent actual experience that increases the total OPEB liability less than projected or decreases the total OPEB liability greater than projected (experience gains) and result in decreases in OPEB expense and increases in deferred inflows of resources.

² Amount included in OPEB expense for measurement period ended August 31, 2021. See differences between expected and actual experience in Section II.D.1.



B. Schedule of Changes of Assumptions

In accordance with Paragraph No. 86a of GASB No. 75, the effects of changes of assumptions should be included in OPEB expense, beginning in the current measurement period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period. The following table illustrates the application of this requirement.

Measurement Period Ended 8/31	Changes of Assumptions ¹	Average Expected Remaining Service Lives (Years)	Increase (Decrease) in OPEB Expense Arising from the Effects of Changes of Assumptions (Measurement Period Ended 8/31)									
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2017	\$(8,728,820,673)	5.44	\$(1,604,562,624)	\$(1,604,562,624)	\$(1,604,562,624)	\$(1,604,562,624)	\$(1,604,562,624)	\$ (706,007,553)	\$ 0	\$ 0	\$ 0	\$ 0
2018	\$(5,924,044,741)	5.60		(1,057,865,132)	(1,057,865,132)	(1,057,865,132)	(1,057,865,132)	(1,057,865,132)	(634,719,081)	0	0	0
2019	\$ 3,006,228,472	5.50			546,586,995	546,586,995	546,586,995	546,586,995	546,586,995	273,293,497	0	0
2020	\$(2,520,336,975)	5.46				(461,600,179)	(461,600,179)	(461,600,179)	(461,600,179)	(461,600,179)	(212,336,080)	0
2021	\$ 1,325,578,401	5.62					235,868,043	235,868,043	235,868,043	235,868,043	235,868,043	146,238,186
Net increase (decrease) in OPEB expense			<u>\$(1,604,562,624)</u>	<u>\$(2,662,427,756)</u>	<u>\$(2,115,840,761)</u>	<u>\$(2,577,440,940)</u>	<u>\$(2,341,572,897)</u> ²	<u>\$(1,443,017,826)</u>	<u>\$ (313,864,222)</u>	<u>\$ 47,561,361</u>	<u>\$ 23,531,963</u>	<u>\$ 146,238,186</u>

¹ See the Schedule of Changes in the Net OPEB Liability in Section IV.A. Positive amounts represent increases in the total OPEB liability from assumption changes and result in increases in OPEB expense and deferred outflows of resources. Negative amounts represent decreases in the total OPEB liability from assumption changes and result in decreases in OPEB expense and increases in deferred inflows of resources.

² Amount included in OPEB expense for measurement period ended August 31, 2021. See changes of assumptions in Section II.D.1.



C. Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments

In accordance with Paragraph No. 86b of GASB No. 75, the effects of differences between projected and actual earnings on OPEB plan investments should be included in OPEB expense using a systematic and rational method over a closed five-year period, beginning in the current measurement period. The following table illustrates the application of this requirement.

Increase (Decrease) in OPEB Expense Arising from the Differences between Projected and Actual Earnings on OPEB Plan Investments (Measurement Period Ended 8/31)

Measurement Period Ended 8/31	Differences between Projected and Actual Earnings on OPEB Plan Investments ¹	Closed Five-Year Period	Increase (Decrease) in OPEB Expense Arising from the Differences between Projected and Actual Earnings on OPEB Plan Investments (Measurement Period Ended 8/31)									
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2017	\$ 12,609,851	5.00	\$ 2,521,970	\$ 2,521,970	\$ 2,521,970	\$ 2,521,970	\$ 2,521,971	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2018	\$ 8,086,517	5.00		1,617,303	1,617,303	1,617,303	1,617,303	1,617,305	0	0	0	0
2019	\$ 5,392,193	5.00			1,078,439	1,078,439	1,078,439	1,078,439	1,078,437	0	0	0
2020	\$ 1,087,666	5.00				217,533	217,533	217,533	217,533	217,534	0	0
2021	\$ 2,408,720	5.00					481,744	481,744	481,744	481,744	481,744	0
Net increase (decrease) in OPEB expense			<u>\$ 2,521,970</u>	<u>\$ 4,139,273</u>	<u>\$ 5,217,712</u>	<u>\$ 5,435,245</u>	<u>\$ 5,916,990</u>	² <u>\$ 3,395,021</u>	<u>\$ 1,777,714</u>	<u>\$ 699,278</u>	<u>\$ 481,744</u>	<u>\$ 0</u>

¹ Amounts are equal to net investment income (see the Schedule of Changes in the Net OPEB Liability in Section IV.A.) less projected earnings (see the projected earnings on OPEB plan investments in Section II.D.1.). Positive amounts represent investment returns that are less than projected and, therefore, increase OPEB expense. Negative amounts represent investment returns that are greater than projected and, therefore, decrease OPEB expense.

² Amount included in OPEB expense for measurement period ended August 31, 2021. See differences between projected and actual earnings on OPEB plan investments in Section II.D.1.



Appendix B

Determination of Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB For the Measurement Year Ending August 31, 2021

A. Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Differences between Expected and Actual Experience

Measurement Period Ended 8/31	Experience Losses ¹ (a)	Experience Gains ¹ (b)	Amounts Included in OPEB Expense through 8/31/2020 ² (c)	Balances at 8/31/2020 ³		Amounts Included in OPEB Expense through 8/31/2021 ⁴ (d)	Balances at 8/31/2021 ³	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)		Deferred Outflows of Resources (a) – (d)	Deferred Inflows of Resources (b) – (d)
2017	N/A	\$ (501,666,343)	\$ (368,872,312)	N/A	\$ (132,794,031)	\$ (461,090,390)	N/A	\$ (40,575,953)
2018	N/A	(935,688,538)	(501,261,717)	N/A	(434,426,821)	(668,348,956)	N/A	(267,339,582)
2019	N/A	(89,008,957)	(32,366,894)	N/A	(56,642,063)	(48,550,341)	N/A	(40,458,616)
2020	N/A	(818,423,526)	(149,894,419)	N/A	(668,529,107)	(299,788,838)	N/A	(518,634,688)
2021	N/A	(15,785,855)	N/A	N/A	N/A	(2,808,871)	N/A	(12,976,984)
			<u>\$(1,052,395,342)</u>	<u>\$ 0</u>	<u>\$ (1,292,392,022)</u>	<u>\$(1,480,587,396)</u>	<u>\$ 0</u>	<u>\$ (879,985,823)</u>

- ¹ See the Schedule of Changes in the Net OPEB Liability in Section IV.A. or the Schedule of Differences between Expected and Actual Experience in Appendix A. Experience losses are presented as positive amounts. Experience gains are presented as negative amounts.
- ² Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2020 due to the differences between expected and actual experience in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.
- ³ Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts.
- ⁴ Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2021 due to the differences between expected and actual experience in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.

B. Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Changes of Assumptions

Measurement Period Ended 8/31	Increases in the Total OPEB Liability ¹ (a)	Decreases in the Total OPEB Liability ¹ (b)	Amounts Included in OPEB Expense through 8/31/2020 ² (c)	Balances at 8/31/2020 ³		Amounts Included in OPEB Expense through 8/31/2021 ⁴ (d)	Balances at 8/31/2021 ³	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)		Deferred Outflows of Resources (a) – (d)	Deferred Inflows of Resources (b) – (d)
2017	N/A	\$ (8,728,820,673)	\$ (6,418,250,496)	N/A	\$ (2,310,570,177)	\$ (8,022,813,120)	N/A	\$ (706,007,553)
2018	N/A	(5,924,044,741)	(3,173,595,396)	N/A	(2,750,449,345)	(4,231,460,528)	N/A	(1,692,584,213)
2019	\$ 3,006,228,472	N/A	1,093,173,990	\$ 1,913,054,482	N/A	1,639,760,985	\$ 1,366,467,487	N/A
2020	N/A	(2,520,336,975)	(461,600,179)	N/A	(2,058,736,796)	(923,200,358)	N/A	(1,597,136,617)
2021	1,325,578,401	N/A	N/A	N/A	N/A	235,868,043	1,089,710,358	N/A
			<u>\$(8,960,272,081)</u>	<u>\$ 1,913,054,482</u>	<u>\$ (7,119,756,318)</u>	<u>\$(11,301,844,978)</u>	<u>\$ 2,456,177,845</u>	<u>\$ (3,995,728,383)</u>

- ¹ See the Schedule of Changes in the Net OPEB Liability in Section IV.A. or the Schedule of Changes of Assumptions in Appendix A.
- ² Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2020 due to the changes of assumptions in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.
- ³ Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts.
- ⁴ Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2021 due to the changes of assumptions in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.



C. Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Differences between Projected and Actual Earnings on OPEB Plan Investments

Measurement Period Ended 8/31	Investment Earnings Less Than Projected ¹ (a)	Investment Earnings Greater Than Projected ¹ (b)	Amounts Included in OPEB Expense through 8/31/2020 ² (c)	Balances at 8/31/2020 ³		Amounts Included in OPEB Expense through 8/31/2021 ⁴ (d)	Balances at 8/31/2021 ³	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)		Deferred Outflows of Resources (a) – (d)	Deferred Inflows of Resources (b) – (d)
2017	\$ 12,609,851	N/A	\$ 10,087,880	\$2,521,971	N/A	\$ 12,609,851	\$ 0	N/A
2018	8,086,517	N/A	4,851,909	3,234,608	N/A	6,469,212	1,617,305	N/A
2019	5,392,193	N/A	2,156,878	3,235,315	N/A	3,235,317	2,156,876	N/A
2020	1,087,666	N/A	217,533	870,133	N/A	435,066	652,600	N/A
2021	2,408,720	N/A	N/A	N/A	N/A	481,744	1,926,976	N/A
			<u>\$ 17,314,200</u>	<u>\$ 9,862,027</u>	<u>\$ 0</u>	<u>\$ 23,231,190</u>	<u>\$ 6,353,757</u>	<u>\$ 0</u>

¹ Amounts equal to net investment income (see the Schedule of Changes in the Net OPEB Liability in Section IV.A.) less projected earnings (see the projected earnings on OPEB plan investments in Section II.D.1.). See the Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments in Appendix A. Investment earnings less than projected are presented as positive amounts. Investment earnings greater than projected are presented as negative amounts.

² Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2020 due to the differences between projected and actual earnings on OPEB plan investments in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.

³ Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts. In conformity with Paragraph No. 86b of GASB No. 75, deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual earnings on OPEB plan investments in different measurement periods are aggregated and reported as a net deferred outflow of resources or a net deferred inflow of resources. Therefore, at August 31, 2020, there is a net deferred outflow of resources arising from differences between projected and actual earnings on OPEB plan investments of \$9,862,027, calculated as the deferred outflow balance of \$9,862,027 net of the deferred inflow balance of \$0. At August 31, 2021, there is a net deferred outflow of resources arising from differences between projected and actual earnings on OPEB plan investments of \$6,353,757, calculated as the deferred outflow balance of \$6,353,757 net of the deferred inflow balance of \$0.

⁴ Amounts are equal to the sum of increases (decreases) in OPEB expense through the measurement year ending August 31, 2021 due to the differences between projected and actual earnings on OPEB plan investments in column (a) or column (b). Positive amounts increase OPEB expense and decrease deferred outflows of resources balances. Negative amounts decrease OPEB expense and decrease deferred inflows of resources balances.



D. Statement of Outflows and Inflows Arising from Current and Prior Measurement Periods for Measurement Year Ending August 31, 2021 to be used for Governmental Employer Reporting for Fiscal Years Ending on or before August 31, 2022

1. New Deferred Outflows and Inflows of Resources by Source Established in Fiscal Year

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
a. Differences between expected and actual experience	\$ 0	\$ 15,785,855	\$ (15,785,855)
b. Changes of assumptions	1,325,578,401	0	1,325,578,401
c. Net difference between projected and actual earnings on OPEB plan investments	<u>2,408,720</u>	<u>0</u>	<u>2,408,720</u>
d. Total	<u>\$1,327,987,121</u>	<u>\$ 15,785,855</u>	<u>\$ 1,312,201,266</u>

2. Outflows and Inflows of Resources by Source to be Recognized in Current OPEB Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
a. Differences between expected and actual experience	\$ 0	\$ 428,192,054	\$ (428,192,054)
b. Changes of assumptions	782,455,038	3,124,027,935	(2,341,572,897)
c. Net difference between projected and actual earnings on OPEB plan investments	<u>5,916,990</u>	<u>0</u>	<u>5,916,990</u>
d. Total	<u>\$ 788,372,028</u>	<u>\$ 3,552,219,989</u>	<u>\$ (2,763,847,961)</u>

3. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future OPEB Expenses

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
a. Differences between expected and actual experience	\$ 0	\$ 879,985,823	\$ (879,985,823)
b. Changes of assumptions	2,456,177,845	3,995,728,383	(1,539,550,538)
c. Net difference between projected and actual earnings on OPEB plan investments ¹	<u>6,353,757</u>	<u>0</u>	<u>6,353,757</u>
d. Total	<u>\$2,462,531,602</u>	<u>\$ 4,875,714,206</u>	<u>\$ (2,413,182,604)</u>

¹ Contributions made after the measurement date of August 31, 2021 and before the cost-sharing employer's Fiscal Year End need to be recognized as deferred outflows in accordance with Paragraph No. 68 of GASB No. 75. At the end of FY22, each reporting entity shall determine their contributions during this period and add this amount to their allocated portion of these deferred outflows.



4. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future OPEB Expenses

Measurement Year End	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
2022	\$ 785,850,059	\$ 2,602,022,793	\$ (1,816,172,734)
2023	784,232,752	1,365,458,340	(581,225,588)
2024	509,860,818	622,395,191	(112,534,373)
2025	236,349,787	284,096,382	(47,746,595)
2026	146,238,186	1,741,500	144,496,686
Thereafter	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ 2,462,531,602	\$ 4,875,714,206	\$ (2,413,182,604)



Appendix C

Schedule of Collective OPEB Amounts



**Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB)
 for the Measurement Year Ended August 31, 2021 to be used for Governmental Employer
 Reporting for Fiscal Years Ending on or before August 31, 2022**

Net OPEB Liability	Deferred Outflows of Resources				Deferred Inflows of Resources				OPEB Expense
	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Changes of Assumptions	Total Deferred Outflows of Resources Excluding Employer Specific Amounts	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Changes of Assumptions	Total Deferred Inflows of Resources Excluding Employer Specific Amounts	
\$ 35,875,507,408	\$ 0	\$ 6,353,757	\$ 2,456,177,845	\$ 2,462,531,602	\$ 879,985,823	\$ 0	\$ 3,995,728,383	\$ 4,875,714,206	\$ (437,712,125)