



October 10, 2023

Mr. Lance Nauman
Katy Independent School District
6301 S. Stadium Lane
Katy, TX 77494

RE: 2024 Katy ISD / TRS Medical Comparability

As required under Section 22.004(b), Insgroup has compared the actuarial values of Katy ISD's medical plan designs to those of the Employee Retirement System HealthSelect Plan (ERS).

Under Section 22.004(b), the state of Texas mandates this comparability evaluation for each school district that is not part of TRS Active Care. The actuarial values of school district plans must be within 5% of the ERS base plan's value.

To accurately compare the plans, as stated in Section 22.004(b) mandated by the state of Texas, the evaluation must consider the following factors:

1. Deductible amount for services offered in- and out-of-network;
2. Coinsurance percentages for services provided in- and out-of-network;
3. The maximum coinsurance payment a covered individual needs to pay;
4. Copayments for office visits;
5. Coverage scope and benefits schedule;
6. Lifetime maximum benefit amount; and
7. Verification that the coverage is issued by a provider licensed to operate in this state by the Texas Department of Insurance or provided by a risk pool authorized under Chapter 172, Local Government Code, or confirming that the district can cover the assumed liabilities in case of coverage provided through district self-insurance.

Insgroup entered the six required plan details into our actuarial tool, Claros Analytics, to determine the actuarial values for the Katy and ERS plans. The Claros software weighs the value of the deductible, coinsurance, maximum coinsurance payment, copays for office visits, lifetime maximum, and the benefits schedule and scope to estimate the comprehensiveness of the benefits provided to the plan members. The resulting actuarial values can then be used to compare the richness (or relative value) of different plan designs. The state requires that independent school district plan be within 5% of the base ERS HealthSelect Plan to be deemed comparable.

The following chart depicts the actuarial value of the plans evaluated against the plan design criteria listed above. Based on our evaluation methodology, all of Katy ISD's medical plans are in accordance with the state's mandate of being within 5% points below ERS base plan.

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ERS Base Plan		Katy ISD	
	HealthSelect HDHP	Aetna Choice POS II	Difference from TRS
Overall	76.6%	75.5%	-1.1%
Overall		Memorial Hermann ACO	Difference from TRS
		79.9%	3.3%
Overall		Katy - HDHP	Difference from TRS
		76.9%	0.3%

Regarding the seventh criteria, Insgroup is not able to verify that the district is able to cover all liabilities assumed under the self-insured health plans.

Disclosure:

This letter serves to disclose the calculation results and clarify the methodologies and assumptions used. This document is unofficial and exclusively intended for internal use. Utilizing this memo for any other objective is unsuitable. The actuarial value calculation is wholly dependent on the information furnished by the client and is not an actuarial certification.

If you have any questions, please not hesitate to contact us.

Sincerely,



Tommy Harris, MS, CIC, CEBS
President, Employee Benefits

Cc: Penny S. Clark
Justin Elmore