



October 15, 2024

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

2025 Katy ISD / ERS Medical Comparability

Lance –

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

Under Section 22.004(b), the state of Texas mandates this comparability evaluation for each school district that is not part of ERS 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 within and outside of the network;
2. Coinsurance percentages for services provided within and outside of the network;
3. The maximum coinsurance payment a covered individual needs to pay;
4. Copayment amount 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.

The Baldwin Group entered the six required plan details into our actuarial tool, Claras Analytics, to determine the actuarial values for the Katy and ERS plans. The Claras 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 Health Select 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.

	ERS Base Plan	Katy ISD	
Overall	HealthSelect HDHP 77.1%	Aetna Choice POS II 75.9%	Difference from ERS -1.2%
Overall		Memorial Hermann ACO 80.6%	Difference from ERS 3.5%
Overall		Katy - HDHP 77.3%	Difference from ERS 0.2%

Regarding the seventh criteria, The Baldwin Group is unable to verify that the district is able to cover all liabilities assumed under the self-insured plan.

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 do not hesitate to contact us.

Sincerely,

Tommy Harris, MS, CIC, CEBS
Senior Partner, Employee Benefits

Cc: Penny S. Clark
Justin Elmore