

ATTACHMENT E

To: Dr. John Stallone, Speaker, Texas A&M University Faculty Senate

From: Dr. Gregory Heim, Faculty Senate SEBAC Representative

Date: March 17, 2021

RE: Report from System Employee Benefits Advisory Committee (SEBAC) Meeting

The February 9, 2021 SEBAC virtual meeting covered issues of interest to Faculty Senators and to the faculty and retirees of Texas A&M University. The meeting reviewed the statuses of medical plans, dental plans, life insurance plans, and wellness services being offered to faculty, retirees, and their dependents.

TAMUS Self-Insured Medical and Dental Plans

TAMUS benefits administrators reported that, as of December 2020 (of FY2021), the self-insured health insurance A&M Care Plan number of covered employee/retiree lives numbered 31,114 policies (total covered members were 57,643).

Through December 2020, there were total premiums and other funds collected of \$120.5 million, versus total expenses of \$114.3 million, leading to a funding excess of \$6.2 million. However, the excess funds largely resulted due to \$8.6 million that was allocated from the TAMUS reserve funds so far for FY2021.

Given the 2020 COVID developments, in the first half of 2020, individuals were delaying medical treatments. For the beginning of FY2021 (September through December 2020), the medical plans are in a good financial position, but costs may continue to increase as individuals continue to start up more medical treatments.

For the TAMUS self-insured dental plan, claims also had started to increase during June through August 2020. Still, plan participants tended also to delay dental care during September-December 2020, so the plan ended 2020 with excess funds of \$0.35 million. Overall, guidance is that the dental plan is in good shape.

Summary of Impacts of COVID

Benefits administrators summarized the impact of COVID cases, noting through January 18, 2021, the cumulative total financial impact for COVID testing and treatment was \$5.9 million. The System incurred covered expenses for COVID diagnostic tests (not including Curative and other local testing efforts) of \$1.8 million. COVID treatment claims paid were \$4.1 million.

Overall, 2.7% of covered COVID treatment cases required hospitalization, compared to the national benchmark of 3.7%. According to benefits administrators, the biggest cost driver for the System is those covered individuals who end up in a hospital due to COVID. Since mid-2020, the average hospitalization cost for COVID patients has grown from \$20,000 to \$40,000 per inpatient admission, with the largest covered COVID expense surpassing \$150,000.

Benefits administrators had also started to track death claims, which by mid-January had reached 18 deaths, for a total of \$700,000 paid out.

Since March 2020, the System has seen usage increases, and thus covered cost increases, for telemedicine and behavioral health telemedicine. The System has also seen prescription expense increases, especially for behavioral health prescriptions. From 2019 through end of 2020, mental health expenses rose approximately 25%. Among the “High Cost Claimant Overview” report, high cost mental health claimants nearly doubled, with expenses growing from \$1.3 million in 2019 to \$2.9 million in 2020 (\$204,875 average paid/claimant).