



Jarvis V. Hollingsworth
Board Chairman
TRS Board of Trustees
1000 Red River Street
Austin, TX 78701

Chairman Hollingsworth:

On behalf of the Texas Senate, we want to thank the Teacher Retirement System of Texas (TRS) Board for the diligent oversight of TRS. It is through our partnership overseeing the sixth largest pension fund in the nation and one of the largest purchasers of health care in the state that we are able to provide secure retirement and health care benefits to over two million active and retired public educators.

In 2023, Lt. Governor Patrick made Senate Bill 10, authored by Senator Huffman, one of his top priorities. Working together on this historic bill, every member of the Senate joined Chair Huffman in support. SB 10 provides eligible retirees not only with a substantial stipend, but a long sought-after permanent increase to their annuity through a cost-of-living adjustment. To protect the health of the pension trust fund, the 88th Legislature also provided billions of dollars in additional funding for these benefit enhancements.

Now, there is an opportunity to provide further benefits for our Medicare-eligible population within the TRS-Care program. As you recall in 2017, TRS-Care faced a \$1 billion shortfall and the 85th Legislature was forced to make benefit changes to sustain the TRS-Care program moving forward. It was a difficult but necessary decision to save the program with the hope of a future opportunity to make positive changes when the program became financially stable.

At TRS' latest briefing, it was reported that the federal regulatory landscape in Medicare has recently improved. This, coupled with TRS' improved contracts with Medicare Advantage and Part D drug benefits, all positively impacted the TRS-Care fund balance. This growing TRS-Care balance provides an opportunity to lower premiums for Medicare-eligible participants in TRS-Care Medicare Advantage while maintaining the long-term stability of the fund. Our goal remains the continued longevity of the fund to provide health care well into the future and not return to funding challenges of the past.

Therefore, if the Board is able to act within its existing authority, we would recommend implementing a one-time re-enrollment opportunity due to the premium decreases for those who may have left the program. Furthermore, as the savings to the TRS-Care fund are a direct result of changes in the

Medicare space, we fully support a proposal to reduce premiums for this population beginning in January 2025.

The Texas Senate is also pleased to hear that the non-Medicare population in the TRS-Care Standard Plan will not see a premium increase next year, as has been the case since 2017. Together, we can continue to take a balanced approach to manage the TRS-Care fund's long-term stability.

Sincerely,



Lt. Governor Dan Patrick



Senator Joan Huffman

cc:

Brian Guthrie, TRS Executive Director
Nanette Sissney, Vice-Chair, TRS Board
Brittney Allred, Trustee, TRS Board
Michael Ball, Trustee, TRS Board
David Corpus, Trustee, TRS Board
John Elliott, Trustee, TRS Board
James Dick Nance, Trustee, TRS Board
Robert H. Walls, Trustee, TRS Board
Elvis Williams, Trustee, TRS Board