

TX Health

BENEFITS POOL

ANNUAL REPORT



2024



A Message From Our Chair

I want to start this letter by not only saying thank you to Mike Stelly for his leadership over the past few years, but that I am also grateful for the opportunity to serve as your new TXHB Board Chair, and I want to reaffirm our commitment to you. It was 45 years ago that the Pool was formed for the same reasons it still functions to this day: to provide high-quality health benefits at an exceptional value to Texans and their families. Every decision we make, we do it in pursuit of that mission. **We are devoted to Texas public servants.**

As a risk pool, TXHB brings together governmental entities from all across the state to support each other and provide strength in numbers as the healthcare industry changes. While the commercial insurance market focuses on profits; our Board of Trustees—comprised 100% of Texas city officials--focuses on our members, and we continually look for ways to serve you better.

After several years of challenging conditions coming out of the pandemic, the closing of the 2024 year reveals inspiring insights—we have made it through to the other side stronger than before and with a clear direction moving forward. Member equity, which is like our rainy-day fund, closed out the year at \$57.9M, which is equivalent to about 3 months of claims expenses.

The 2024 Pool loss ratio was much improved, after a couple of years of high healthcare and pharmacy costs. The Pool today is healthier and lower risk than it has been in many years. TXHB continues to look for ways to reduce health care costs with innovative benefits like Lantern Health (formerly known as Surgery Plus). We kept overhead costs low, with only 8.2% of contributions going toward administrative expenses. We negotiated more aggressive prices for our Rx benefits, and we pass through 100% of pharmaceutical rebates to our members in the form of lower rates.

Claims data for 2024 reveals that the top diagnoses driving higher costs are cancer, diabetes, gastrointestinal, cardiovascular and neurological issues. Many of these conditions are closely tied to lifestyle factors, which points to the need for greater

emphasis on wellness, prevention, and early diagnosis in order to minimize the devastating effect these conditions have on our members.

To address our rising claims and costs in diabetes, we launched a pilot program with **Twin Health's** Diabetes Management Program to 250 of our members, which aims to help members *fully reverse* the diagnosis through healthy lifestyle changes. We are hopeful to expand this program next year, once we can evaluate its success for TXHB members.

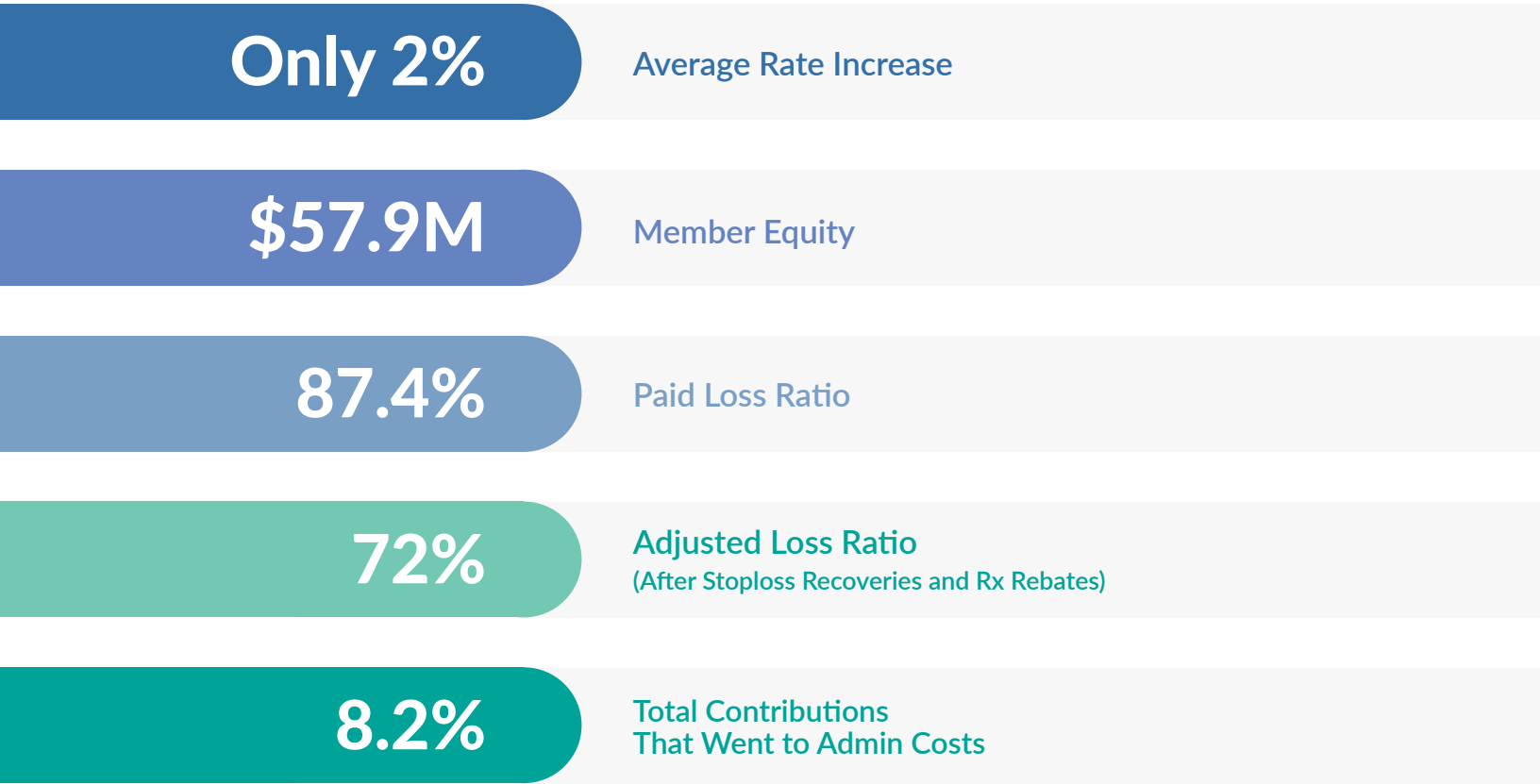
We've also taken feedback from our groups to launch exciting new programs that help meet their challenges. 2025 will be the first full year for **Circle Wellness**, our new on-site health screenings partner, as well as **Next Level's Weight Loss program**. On top of those, we've also been working with our groups to launch an all-new TXHB Online experience for Benefit Coordinators to help streamline our groups' abilities to administer and manage their employee benefits.

This push for an even better digital experience for our groups stems from another goal: to deliver industry-leading customer service and support. I am happy to report, and as you will see in the data on the following pages, our customer service continues to impress even when we keep our administrative costs low. Looking ahead, we have a focus on improving our online tools and resources so that TXHB members have easy access to all their benefits.

I want to thank all of our members who have put their trust in our hands. As the new Chair of the Board, I aim not only to continue these positive trends in our stability and reliability but further improve our benefit packages and deliver you and your employees high-quality benefits at exceptional values. **At TXHB, we are devoted to Texas public servants.**

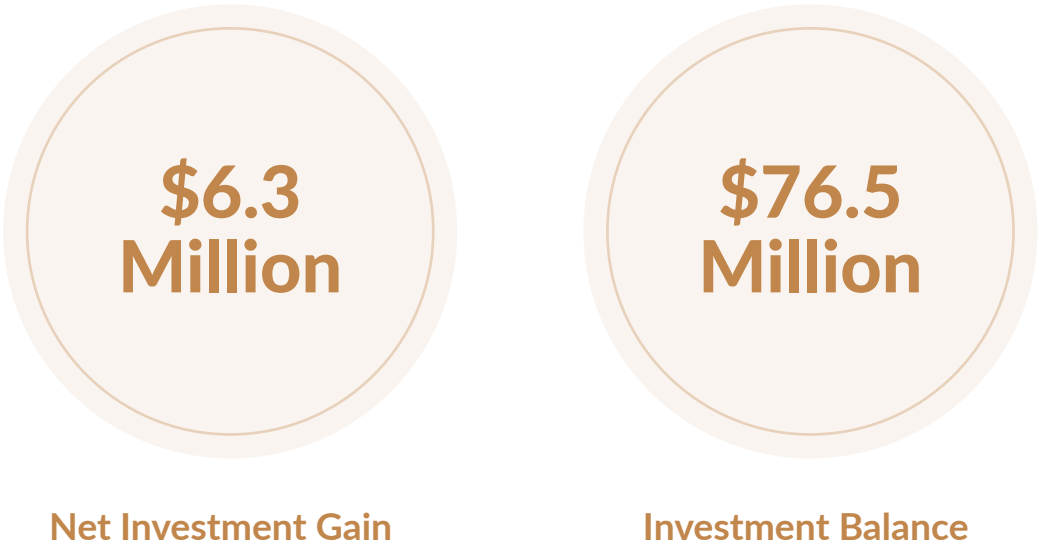
Mike Smith
Chair of the Board

23-24 Fiscal Year Performance: Financial Strength and Stability



Investment Returns

Very good investment year with a return of 8% on our portfolio.



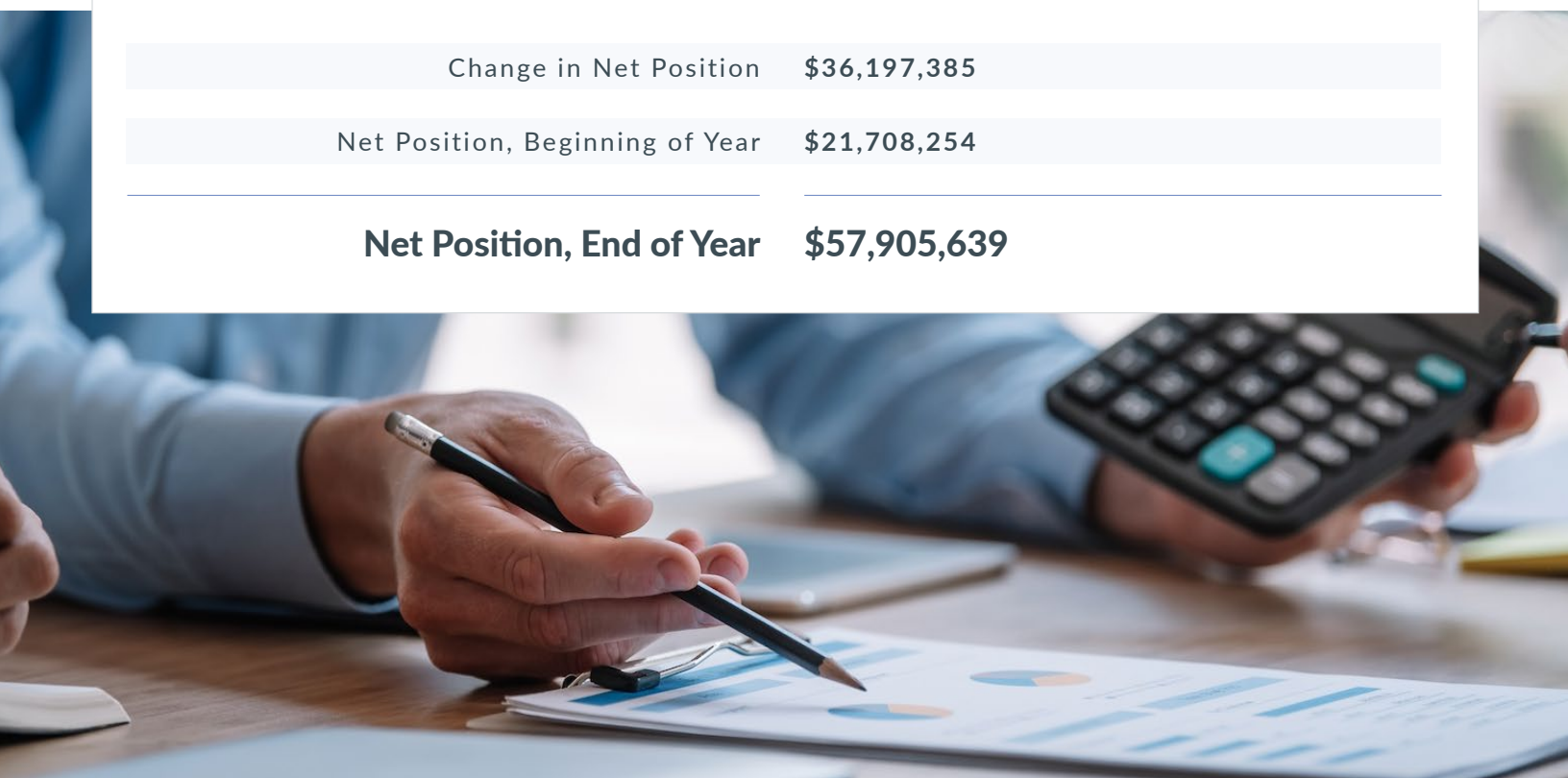
Full Financial Report

Revenues

Contribution Revenues, Net	\$221,445,986
ASO Fees and Other Revenues, Net	\$2,842,606
Investment Income, Net	\$6,333,383
Gain On Sale of Capital Asset	\$1,954,921
Total Revenues	\$232,576,896

Operating Expenses

Net Incurred Losses for Claims	\$159,273,574
Administrative Expenses	\$23,506,680
Program Expenses	\$13,599,257
Total Operating Expenses	\$196,379,511
Change in Net Position	\$36,197,385
Net Position, Beginning of Year	\$21,708,254
Net Position, End of Year	\$57,905,639



Biggest Cost Drivers: Trends to Look Out For



Diabetes

Total Spend \$90,867,354

\$20,694 Average Annual Cost per Member with Diabetes

29% of all Rx Costs Attributed to Diabetes

Cancer

Total Spend \$23,973,763 (Medical Only)

\$56.32 in Cancer Costs Per Member Per Month

\$10.5M in Cancer Therapies (For All Types of Cancer)

Top Cancer Diagnoses by Cost:

- Breast: \$2.1M
- Colon: \$1.26M
- Secondary Cancers: \$1.27M

Gastrointestinal Disorders

Total Spend \$15,354,128 (Medical Only)

\$36.07 Per Member Per Month

Top Diagnoses by Cost:

- Abdominal Disorders: \$2.2M
- GI Disorders: \$2.1M
- Gallbladder/Biliary Disease: \$2.0M

Cardiac Disorders

Total Spend \$14,535,429 (Medical Only)

\$34.15 Per Member Per Month

Top Diagnoses by Cost:

- Coronary Artery Disease: \$3.2M
- Atrial Fibrillation: \$1.89M
- Congestive Heart Failure: \$1.88M
- Chest Pain: \$1.83M

Increased Rates of High Blood Pressure, Cholesterol, and Obesity

Neurological Disorders

Total Spend \$12,082,187 (Medical Only)

\$28.39 Per Member Per Month

Top Diagnoses by Cost:

- Stroke: \$2.1M
- Seizure Disorders: \$1.26M
- Myasthenia Gravis: \$1.18M

Top 10 Prescription Drugs By Total Paid



Drug Name	Used For	Number of Utilizers	Total Paid	\$\$PMPM
Mounjaro	Diabetes	904	\$5,902,052	\$13.87
Ozempic	Diabetes	1,104	\$5,694,658	\$13.38
Humira Pen	Inflammatory Conditions	77	\$3,225,682	\$7.58
Skyrizi Pen	Inflammatory Conditions	40	\$1,931,690	\$4.54
Jardiance	Diabetes	525	\$1,901,208	\$4.47
Stelara	Inflammatory Conditions	15	\$1,467,653	\$3.45
Farxiga	Diabetes	336	\$1,091,208	\$2.56
Tremfya	Inflammatory Conditions	31	\$1,065,973	\$2.50
Trulicity	Diabetes	206	\$1,010,666	\$2.37
Taltz	Inflammatory Conditions	29	\$971,467	\$2.28

Biggest Increases Since Last Year

 Pharmacy Costs PMPM: +18.6%

 Maternity Inpatient Days: +11.0%

 Diagnostic Screenings: +13%

 Colonoscopies: +10.0%



Mitigating Risk

What Decisions Did We Make that Resulted in Savings?

Advanced Payment Review: Saved \$4.2M

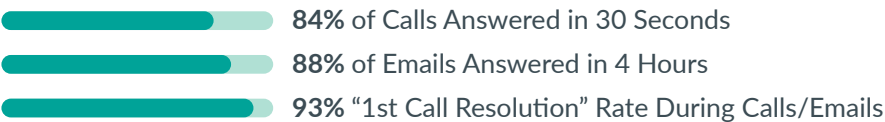
The Advanced Payment Review program utilizes a series of claim auditing tools to check that medical bills are appropriate, based upon industry standard coding rules developed by the Centers for Medicare & Medicaid services. This program helps reduce fraud, waste and abuse. Charges denied under this program are deemed as provider write-offs and the member is not to be held responsible.

Changing to Designated Customer Service Plan with BCBSTX: Saved \$500K

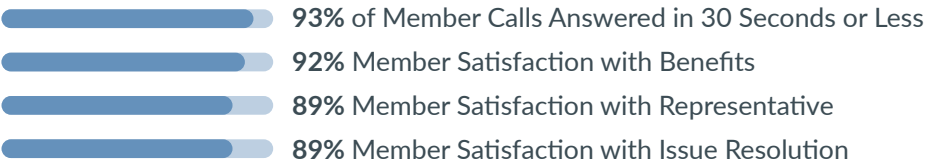
After analyzing data, we determined that it would be better for our members to have a designated customer service unit. This change not only saves money but also allows us to personalize our service approach.

Providing Excellent Customer Service*

Enrollment & Billing



Member Services



Member Satisfaction

Benefit Coordinators' Satisfaction Scores



Decision Makers/City Managers Satisfaction Scores



**Based on Member and Group Surveys*

Innovative Programs & Plans Designs



Lantern

Lantern (formerly known as *Surgery Plus*) connects our members to a network of the nation's top surgeons and outpatient surgery centers that have demonstrated high quality and lower complication rates. This both reduces claims to the Pool and provides exceptional results, often for as low as \$0 out-of-pocket costs for our members.

- Number Of Procedures Done: **167**
- Amount Members Saved in OOP Costs: **~\$120,000**
- Money Saved to the Pool: **\$2.8M**
- Top Category Lantern Provided Savings: **Orthopedics**
- Top Surgeries Lantern Can Save The Pool More On:
Joint Replacements & Spine



Circle Health Wellness

Make it easy for employees to get their annual physical by bringing screenings right to the office! Circle Health Wellness offers on-site health screenings to offer biometric readings and even offers vouchers to groups that don't reach the 20-person event minimum.

- **78** Onsite Screening Events
- **118** Groups Participated
- **2,911** Employees Received Screenings
- **107** Individual Vouchers Handed Out

\$150 Incentive Checks

Our TXHB Well program also promotes members to engage with healthy lifestyle choices and preventive annual screenings to catch late-stage, high-cost diagnoses with annual \$150 Incentive Checks!

- Number of Checks: **5,605**
- Total Money Rewarded Through Incentives: **\$840,750**
- Biometric Screenings Encouraged: **5,156**
- **92%** Earned Incentive Through Biometric Screenings

Exciting New Programs

next level

Next Level

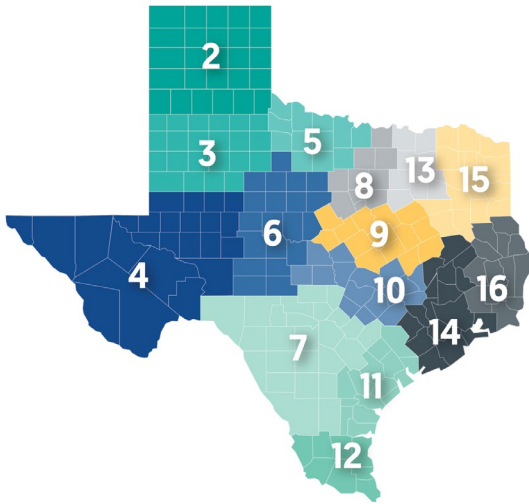
A weight loss program including up to 12 virtual sessions with certified health and wellness coaches and significantly discounted weight loss subscriptions, including GLP-1 medications.



Twin Health

Twin Health is an amazing new program designed to help reverse diabetes through high-quality medical care and personalized lifestyle modifications. Currently running as a pilot for 250 of our members.

Meet Your TX+HB Board of Trustees



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Vice Chair Joe Cardenas
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Uvalde, **Region 7**



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Region 6



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City Administrator
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Vacant
Region 16

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