



What's New?



Changes taking effect Sept. 1:

Premiums are changing in the following plans. See your Personal Benefits Enrollment Statement (PBES), included in this packet, for new monthly premium rates.

- HealthSelect of Texas[®] and Consumer Directed HealthSelectSM premiums for dependents, part-time employees, retirees with “tiered” state contributions, survivors and COBRA participants will increase by 8%. See information on this sheet to learn why HealthSelect premiums must increase.
- State of Texas Dental Choice PlanSM premiums will increase by 8% for all participants. DeltaCare[®] USA dental health maintenance organization (DHMO) premiums will stay the same.
- State of Texas VisionSM premiums will increase by 10%.
- Texas Income Protection PlanSM (TIPP) long-term disability rates will decrease from \$0.68 to \$0.63 per \$100 of monthly salary. Short-term disability premiums will not change. (TIPP is available to active employees only.)

TexFlexSM health care and limited-purpose flexible spending accounts will have new contribution limits and carryover amounts in Plan Year 2026. Active employees: Find details on page 13 of the guide included in your packet. (TexFlex is available to active employees only.)

Changes taking effect Jan. 1:

The **HealthSelect of Texas** and **Consumer Directed HealthSelect** total annual in-network out-of-pocket maximums will increase to align with the IRS maximums. Find details in the health plan information in the guide included in your packet.



PREMIUM INCREASES IN THE HEALTHSELECT OF TEXAS[®] PLANS

Starting Sept. 1, 2025, premiums in the HealthSelect of Texas plans, including Consumer Directed HealthSelectSM, will increase by 8%. The State of Texas will continue to pay 100% of the premiums for eligible full-time employees and many eligible retirees, so many members of these plans won't feel the increase.

The Employees Retirement System of Texas (ERS) works every day to maintain competitive health benefits at a reasonable cost. The State of Texas commits billions of dollars every year to help employees, retirees and their families get the health care they need without risking their financial security. However, costs for medical care and prescription drugs continue to grow nationwide. For the first time in eight years, ERS must increase premiums materially, for those who pay them, to ensure the health plans can keep benefits at their current levels for the next two years. ERS expects premiums, for those who pay them, will increase by another 8% starting Sept. 1, 2026.

Who will have to pay more for coverage in the HealthSelect of Texas plans?

Participants in the HealthSelect of Texas plans who don't get a 100% premium contribution from the state will pay more starting September 2025. These include:

- employees and retirees who cover dependents in the plans;
- part-time employees;
- retirees with “tiered” state contributions; and
- those not eligible for the state's contribution toward their premiums, such as survivors of employees and retirees, and COBRA participants.

Will plan benefits also change?

No. One reason premiums are increasing is to keep benefits the same.

Both plans will continue to pay 100% for in-network preventive care, including annual checkups, recommended immunizations and recommended preventive screenings, like mammograms and colonoscopies. For non-preventive care, participants will have the same copays, coinsurance and/or deductibles they've paid in HealthSelect of Texas since 2011 and in Consumer Directed HealthSelect since 2016 (the year that plan was introduced).

Why couldn't the state just budget more for health coverage this year?

The HealthSelect plans were designed so participants, the state and some individual employers share costs.

The state pays the majority of health costs for members. In Plan Year 2024, participants paid about \$960 million in total health plan costs, while the state paid more than \$2 billion—more than twice participants' share. Higher education institutions and state agencies provided an additional \$1 billion, approximately.

The state and employers pay directly to ERS to help cover claims over the plan year. Plan participants share costs through copays, coinsurance and deductibles, and premiums for dependent coverage, part-time coverage and "tiered" retiree contributions. When premiums must go up, as in Plan Years 2026-27, the state, employers and members all pay their share of the increase. The state's budget for Fiscal Years 2026-27 includes funds to cover its portion of the increase.

How much will the increase be each month?

Premiums are increasing by 8%. The dollar amount will depend on your coverage. A full-time employee covering their spouse and children in HealthSelect of Texas will pay a total of \$645.52 every month, up almost \$48 from the current premium. The State will continue to pay 50% of dependents' premiums. You can see exact monthly premiums on your Personal Benefits Enrollment Statement or at ers.texas.gov/se-rates-py26.

How has health care inflation affected ERS' health plan members?

Because of the state's financial commitment, as well as cost-saving measures by ERS, for the last 10 years HealthSelect of Texas plan participants have been largely protected from the level of health care inflation happening nationwide. The table below compares

premium increases in the HealthSelect of Texas plans and other employer plans over the last 10 years.

2015 – 2024		
Plan		Increase in Member Premiums (approx.)
Other employer plans – U.S. average		45%
HealthSelect SM	CONSUMER DIRECTED HealthSelect SM	16%

ERS uses a number of tactics to fight inflation in the plans. Requirements like higher payments for out-of-network care, pre-authorization for certain prescription drugs and, in HealthSelect of Texas, referrals to most specialists are important for keeping costs low. In addition, contracting with third-party administrators like Blue Cross and Blue Shield of Texas and Express Scripts helps to manage costs. If ERS fully administered the plans itself, it would cost much more. Auditors estimate that without these and other measures, total Plan Year 2024 costs in the HealthSelect plans would have been more than five times higher.

How valuable are my health benefits if I have to pay higher premiums?

Even with the higher premiums for some participants, the HealthSelect of Texas plans remain valuable benefits for employees and retirees.

- Year after year, the state consistently pays more than twice what members pay for their health care.
- For the average state agency employee, the state's premium contributions account for about 10% of their overall compensation package.
- Health insurance in retirement is a rare benefit. Fewer and fewer employers offer it to their retirees.
- The plans' coverage has gotten better over the years—adding more treatments; removing medical pre-authorizations; growing the provider network; and adding programs like Buena Vida, Hinge Health, Hello Heart and Virtual Visits; among other enhancements.
- In a recent online focus group, more than 70% of active employee respondents said their ERS health insurance is a primary reason they stay working at a state agency or institution.

Note: Premiums for the HealthSelectSM Medicare Advantage Plan, insured by UnitedHealthcare, will not increase on Sept. 1, 2025. The ERS Board of Trustees will vote on those premiums in August, and ERS will inform Medicare-eligible retirees during Fall Enrollment if Medicare Advantage Plan premiums will increase on Jan. 1, 2026.