# TRS-ActiveCare Health Insurance Premium Increases and the Impact on Texas Teachers

**KEY TAKEAWAY**

**The Legislature designed the Teacher Retention Allotment to keep teachers in the classroom. Health insurance premium growth is quietly widening the gap between what was allocated and what teachers actually take home.**

The tables below show how FY 2025-2026 TRS-ActiveCare median premium increases interact with the Teacher Retention Allotment created by HB 2. Depending on a teacher's coverage tier, district size, and years of experience, a single year's premium increase could impact between 3.9% and 74.4% of that Teacher Retention Allotment. This is before taxes, retirement contribution, or any out-of-pocket health care costs are factored in.

**Employee + Family Coverage — Median Premium Increase of $1,860**

| Metric | Small District (<5,000) 3-5 yrs | Small District (<5,000) 5+ yrs | Large District (>5,000) 3-5 yrs | Large District (>5,000) 5+ yrs |
|---|---|---|---|---|
| Teacher Retention Allotment (Annual) | $4,000 | $8,000 | $2,500 | $5,000 |
| % of Teacher Retention Allotment Impacted (Employee+Family) | 46.5% | 23.3% | 74.4% | 37.2% |

**Employee Only Coverage — Median Premium Increase of $312**

| Metric | Small District (<5,000) 3-5 yrs | Small District (<5,000) 5+ yrs | Large District (>5,000) 3-5 yrs | Large District (>5,000) 5+ yrs |
|---|---|---|---|---|
| Teacher Retention Allotment (Annual) | $4,000 | $8,000 | $2,500 | $5,000 |
| % of Teacher Retention Allotment Impacted (Employee Only) | 7.8% | 3.9% | 12.5% | 6.2% |

## THIS IS A TEACHER RETENTION ISSUE

Survey results from Texas teacher organizations show educators expressing frustration with rising health insurance premiums that consume a growing share of their take-home pay.

## Example East Texas Teacher

4th-year Teacher · Rural East Texas · Family Coverage

| $4,000 | $1,860 | 46.5% |
|---|---|---|
| RETENTION ALLOTMENT | PREMIUM INCREASE | OF ALLOTMENT IMPACTED |

Consider a second grade teacher in a small East Texas district in her fourth year in the classroom, married with two young kids and her family depending on her TRS-ActiveCare coverage. This year, HB 2 gave her a $4,000 Teacher Retention Allotment. But before it reacher her, her family's premium increased $1,860, $155 more every month, taking up 46.5% of her entire allotment. This leaves her with $2,140 before taxes, retirement contributions and out-of-pocket health care costs. The allotment was designed to keep teachers like her in the classroom. Nearly half of it was impacted before it even reached her paycheck.



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**Sources:** HB 2 Retention Allotment Amounts (89th Legislature). FY 2025 median premiums and FY 2025–2026 median premium increases from 2025 TRS Health Benefits Report, Appendix E; Association of Texas Professional Educators, Teacher Vacancy Task Force Survey Results (2022).

# Health care prices are driving premium increases across employer-sponsored plans, including TRS-ActiveCare, and those increases are impacting teacher pay.

The primary driver of the increased spending is the rising price of health care services, which continue to outpace inflation. Total expenditures for TRS-ActiveCare have reached a record high of $2.3 billion in 2025. Because total spending is climbing even as the number of covered members has dropped by 15.9% (498,462 members in 2017 to 419,099 members in 2025), the average cost to cover each individual member is significantly higher. The per-member-per-year cost has grown from $4,114 in 2017 to $5,378 in 2025.

This is a broad national problem, and its effects are visible in TRS-ActiveCare. Research from Rice University shows that health insurance costs nationwide have tripled relative to employee pay since 1999, effectively neutralizing wage gains from workers across the country.


## RISING HEALTH INSURANCE PREMIUMS MEAN THAT A TEACHER'S RETENTION ALLOTMENT AND TEACHER'S TAKE HOME PAY ARE NOT ALWAYS THE SAME

HB 2 created a Teacher Retention Allotment to keep experienced teachers in the classroom. Compensation, however, is not simply the number on a salary schedule — it is what teachers actually take home after premiums, taxes, and retirement contributions. Health insurance premium growth is quietly impacting the state's teacher compensation reforms. **Raising teacher compensation alone cannot address the underlying health care pricing issue.**



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**Sources:** 2025 TRS Health Benefits Report, enrollment and per-member-per-year cost figures, FY 2008–FY 2025; Rice University Baker Institute for Public Policy, Health Insurance Premiums and Employee Compensation, 1999–2022, JAMA Network Open.