

SHBP PREMIUMS FOR HRA AND HDHP OPTIONS REVERSED TO 2008 AMOUNT

New Premiums for Two Options		
Rate Category	HRA	HDHP
Single Under 65	56.92	49.50
Single (Full Medicare)	13.46	1.70
Family (All under 65)	173.74	160.60
Family (Full Medicare)	76.42	53.56

retirees. The most prevalent rates for the two options that were changed are shown in the table. All rates for other options remain as shown in our Newsletter Number 6, End of August 2008.

On September 11, 2008, the Department of Community Health (DCH) recommended that the Board of Community Health (BCH) reverse the premium increases for the Health Reimbursement Account (HRA) and the High Deductible Health Plan (HDHP) options of the State Health Benefit Plan (SHBP). The new rates¹ will be displayed on the individualized change form that is mailed by the SHBP to

¹ GSRA has requested clarification of the rates because the active member rates are a few cents different from those in the table.

TEACHER RETIREMENT SYSTEM RATES INCREASING

The Board of Trustees for the Teachers Retirement System (TRS) increased contribution rates beginning July 1, 2009. The active member's rate will increase from 5% to 5.25% of salary. The school systems along with the State had been asked to increase the employer contribution rate from 9.28% to 9.74% for FY 2010.

TRS Director Ezell says that the teachers' contribution rate to retirement will increase from 5% to 5.25% on July 1, 2009.

Executive Director Jeffrey Ezell has notified the school systems and explained that the rate increases are recommended by the actuaries to meet State law and generally accepted government accounting standards. Director Ezell stated that the increases are needed for the following reasons:

- Investment performance for 2001 and 2002 was negative and for 2003 and 2006 was less than expected,
- More members retired from the school systems than anticipated, fewer members left the system by terminating and salary increases during the year were higher than anticipated thereby increasing liabilities at a higher rate than anticipated,
- The class action lawsuit, known as Plymel vs Teachers Retirement System, regarding the method used to calculate survivor benefits required retroactive payments and an adjustment to benefit checks for affected retirees.

Even with this increase, the active teacher member contribution of 5.25% is 1% less than the contribution rate for new state employees who choose to enroll in the plan for the maximum employer state match.

Don't miss the GSRA Annual Meeting at Central Georgia Technical College on October 15 @ 1:00 p.m. SHBP Director Nancy Goldstein, ERS Executive Director Pamela Pharris, and Representative Debbie Buckner are scheduled to speak to the members. A notice will follow.

House Public Retirement COLA Study Committee meets on October 1 and 2, in Room 606 of the Coverdell Legislative Office Bldg. ERS Executive Director Pharris is expected to provide historical information. GSRA President Claude Vickers will also present comments.

SHBP FINANCIAL POSITION IMPROVED

DCH reported on September 11, 2008, to the Board of Community Health (BCH) that the SHPB projected “Fund Balance” Reserve is greater than projected in late 2007. The “higher” balance is a result of higher than projected revenue and lower than projected expenses. The entire [presentation](#) to the BCH can be viewed at the DCH website.

The GSRA August Newsletter (Number 6) reported that the Fund Balance Reserves as of June 30, 2009 (before the Governor’s Reduction Plan) was projected at \$270.4 million. The tables below reflect the updated reserve amounts for June 30, 2008 and Revenue/Expense Statements for FY 2009 and FY 2010 (before application of the Governor’s Reduction Plan). As reported in the August GSRA Newsletter, Governor Perdue included in his FY 2009 Budget Reduction Plan a reduction of \$225 million from the Fund Balance Reserves and suspension of another \$100 million for OPEB funding.

Revenue and Expense by Fiscal Year (In Millions) - Exclusive of OPEB Revenues			
	FY 2008	FY 2009	FY 2010
Employer and Member Contributions & Interest Revenue	\$ 2,756.8	\$ 2,904.8	\$ 2,892.0
Administrative & Benefit Expense	2,518.5	2,711.0	2,854.8
Surplus/(Deficit)	\$ 238.3	\$ 193.8	\$ 37.2
Fund Balance Reserve from previous year	238.7	477.0	670.8
Projected Reserve	\$ 477.0	\$ 670.8	\$ 708.0
Increase in Fund Balance Reserve from earlier projections	\$71.5	\$ 345.9	NA

DCH reports that the Fund Balance Reserve is projected to **increase** (from earlier projections) by \$345.9 as of **June 30, 2009 making the total Fund Balance Reserve \$670.8 million.** When added to the excess revenue over expense of \$37.2 million in FY 2010, the total reserve as of the end of FY 2010 is projected at \$708 million. DCH states that the improved reserve is a result of increased revenue and decreased expenses in fiscal periods FY 2008 and FY 2009. The revenue increases are higher employer contributions than projected and an increased number of

members that increases premium revenue.

The decrease in expense from original projections (not from year to year) is a result of the changes in vendors and benefit options. Although expense is expected to increase by 7.6% and 5.3% in FY 2009 and FY 2010, respectively, the trend for expense is less as a result of decreased member utilization, movement of 5% of HMO membership and 3% of PPO membership to the HRA or HDHP options, and movement of 25% of those eligible to the Medicare Advantage plans.

DCH Chief Financial Officer Carie Sumers says that SHBP actuaries estimate that one month of projected expense is a satisfactory Fund Balance Reserve—approximately \$200-226 million.

DCH reports that the SHBP is financially sound with a Fund Balance Reserve of at least one month’s claim/benefit expense. DCH further

reports that the one month’s expense level is around \$200 to \$225 million. Therefore, should the Governor and General Assembly decide to reduce the employer contribution by \$250-\$275 million (as proposed in the Governor’s Reduction Plan), the Fund Balance Reserve should continue to be satisfactory. DCH is anticipating that the decision on how much to modify the employer contribution rate and thereby decrease the Fund Balance Reserve will be addressed at the October BCH meeting.

SHBP Contribution Sources

By State policy, the employer contribution to the SHBP is targeted at 75% with the remaining 25% to be paid by the members. DCH reports that over time, the percentage paid by the member approximates 25%. The

Revenue split (employer/member) as reported by DCH is as follows:

- FY 2007 75.8% - 24.2%
- FY 2008 77.2% - 22.8%
- FY 2009 76.1% - 23.9%
- FY 2010 74.9% - 25.1%

The percentages on the previous page recognize an increased expense level for FY 2010 and the annualization of the members' premium increase on January 1, 2009. The increased percentage paid by the member is not predicated on an increase in member premiums in FY 2010—that decision has not been made at this time. However, DCH recognizes the impact of inflation on members who may not receive salary increases during this time and would like to fund the SHBP during FY 2010 without another premium increase.

OPEB Revenue

As stated in previous GSRA Newsletters, the Other Post Employment Benefit (OPEB) funding for the

actuarially determined future liability for retired members was somewhat addressed by the Governor and General Assembly for FY 2008. DCH reports that \$184.9 million was transferred to the OPEB Trust fund during FY 2008. This amount closely tracks the report from the Investment Services of the Retirement Systems that shows a balance, including net investment return, of \$185.2 million. Although DCH is collecting the OPEB earmark funds during FY 2009, no further transfers to the Georgia Retiree Health Benefit Fund (GRHBF) have been made. As proposed by the Governor's Deficit Reduction Plan, the OPEB funding for FY 2009 is expected to be suspended.

TEACHERS RETIREMENT SYSTEM PROPOSES TO CHANGE COLA POLICY

On September 24, 2008, Executive Director Jeff Ezell presented to the TRS Board of Trustees a proposed change regarding granting the COLAs for members of the TRS. The proposal provided for three modifications:

- To change the current policy of "requiring" the award of a 1½% COLA automatically in July and January of each year to "may grant" the COLA when there has been an increase in the CPI;
- To change the current policy of awarding a 1½% COLA to a policy of awarding a COLA of "up to a maximum" of 1½% on July 1 and January 1;
- To add the provision that "Any cost-of-living adjustment will be determined at the annual meeting of the Board of Trustees and will be effective for the following July 1 and January 1."

The COLA policy (513-5-1-.16) is based on Georgia law (O.C.G.A. 47-3-126), which provides that the adjustments shall be based upon: (1) Recommendation of the actuaries for the board of trustees; and (2) Maintaining the actuarial soundness of the system.

Dr. Bill Sloan, Executive Director of the Georgia Retired Educators Association spoke in opposition to the proposal. Board Member Buster Evans stated that it would be good to have a discussion because of the economic situation.

Governor Perdue's Chief Financial Officer, Tommy Hills, stated that the TRS board was the only state retirement board that did not vote to approve the COLAs. He further stated that the board's fiduciary duties were not fully being carried out by failure to discuss the COLAs. He commented that the change in policy was not to "take away" the COLA, but to allow the board to discuss the issues.

Following comments by other persons who were in attendance, Board Member Dan Ebersole moved that the proposal be approved for publication and comments. After a second to the motion, the vote tied 3 to 3 and the Board Chair, Russell Hinton, voted to approve the proposal for publication. The board of trustees will consider this item for adoption at the November 2008 meeting.

Satisfying Food Cravings

A recent article in Health Day News states that most people have occasional food cravings. The Cleveland Health Clinic offers tips to help people with food cravings to satisfy them without wrecking their diets. According to the Clinic, sometimes giving in to your food craving can improve your mood, relax you and even give you more energy. Women are more likely to crave certain foods

during certain times of the year and month, and are more likely to be happy when they have satisfied their cravings. Rather than denying yourself something that you crave, allow yourself a small portion. Denying yourself a small treat that you crave can lead to binge eating. The longer you wait upon the onset of craving, the more likely you are to binge.