

GSRA 2011 Annual Meeting in 18 Days!

GSRA and You: Facing the Challenges

October 18, 2011

GPSTC Auditorium, Forsyth

1:00 – 5:00 PM

rsvp@mygsra.com

GSRA Financial Analysis of SHBP Shows Need for Adequate Funding

The August GSRA newsletter reported on changes in the benefits offered by the State Health Benefit Plan that are to become effective on January 1, 2012. The benefit changes and premium increases that were approved on August 11 & 25 are based on a projected deficit of \$280 million in FY 2012. Readers are encouraged to refer to the August newsletter for detailed information; however, a brief summary of the changes are to:

- Implement a series of “Wellness” options (HRA, HMO, HDHP) that require your physician to submit to the vendor specified medical information if you enroll,
- Increase premiums by 11%, 17%, or 28% depending upon the option you select,
- Rename the old HRA, HMO, & HDHP options to Standard HRA, HMO, and HDHP with decreased benefits, and
- Increase out-of-pocket maximums and copays for both Medicare Advantage Plan options.

GSRA looked at historical SHBP financial information to compare cost, revenue, retiree cost, and average costs per member. This information is presented to demonstrate the need for SHBP members to become engaged in

expressing your concerns to elected representatives about adequately funding the SHBP. You will find a myriad of contributing factors to the swings in costs and revenue, but major contributors are:

- SHBP reserve amounts of almost \$1 billion dollars were used when the revenue to the Plan was severely curtailed;
- state funding for the public school employees was reduced from a high of over \$250 million in FY 2008 to “zero” in FY 2012;
- the salary base on which the employer contribution is calculated has been reduced by layoffs, furloughs, retirements, outsourcing functions, etc.

GSRA looked at the previous administration’s five-year strategy to install consumerism in the SHBP by moving toward consumer driven health care. The objectives that were outlined in November 2007 were to: (1) Promote consumerism, (2) Meet financial targets, (3) Provide member choice, and (4) provide an opportunity for long-term success. DCH provided specific tactical steps for each year to accomplish financial targets and provide member choice.

Five-Year (Or More) Comparisons

The five-year cost projections were based upon:

- Assumed member growth rates of 2% each year, and
- A projected 9.3% increase per employee/retiree for medical inflation and increased utilization.

Therefore, total SHBP expenditures were projected to increase from \$2.69 billion in FY 2008 to \$4.16 billion in

FY 2012, and the annual per employee/retiree cost would increase from \$7,751 in FY 2008 to \$11,074 in FY 2012. However, after implementing the 5-year recommended changes, the cost would reach only \$3.83 billion, and the cost per active/retiree member would reach only \$9,470 for FY 2011 and \$10,203 in FY 2012. Charts showing the results of changes during the 5-year period follow.

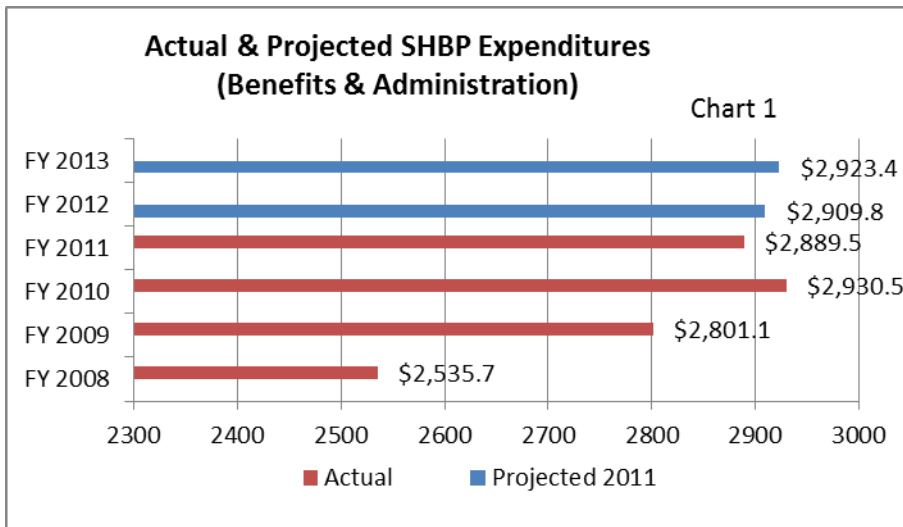


Chart 1: The Actual & Projected SHBP Expenditures show that the total cost increased at a lower rate than projected—to only \$2.9 billion in FY 2012 rather than the \$3.83 billion—76% of the projected cost. The actual and updated projected cost can be attributed to several factors—emphasis on consumerism and wellness and decreased benefits by increasing deductibles, copays, out-of-pocket maximums and limiting member choices.

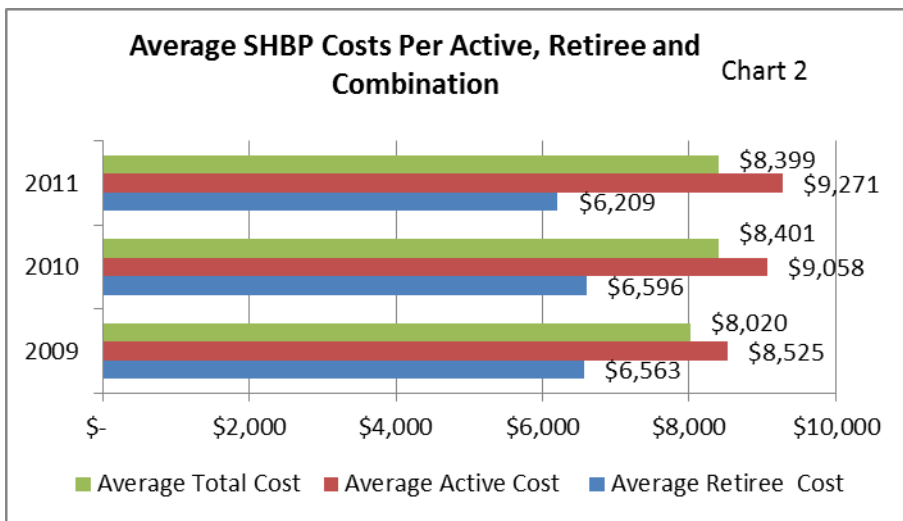


Chart 2: The GSRA¹ calculated average SHBP cost (cash basis) per member (active & retired) for FY 2011 is around \$8,399 about 89% of the \$9,470 that was projected in the 5-year strategy plan. Chart 2 is another way of showing reduced cost and is a result of the same factors discussed under Chart 1.

You will also note that the cost for each retired member is on average less than the cost for an active employee. The main reason for the lesser cost is the Medicare eligibility—about one-half of the retiree population.

¹ The averages are calculated based on the average number of members covered on July of each year and then divided into the DCH reported cost for retirees in the OPEB reports, the various DCH presentations and the June 30, 2011 unaudited financial statements.

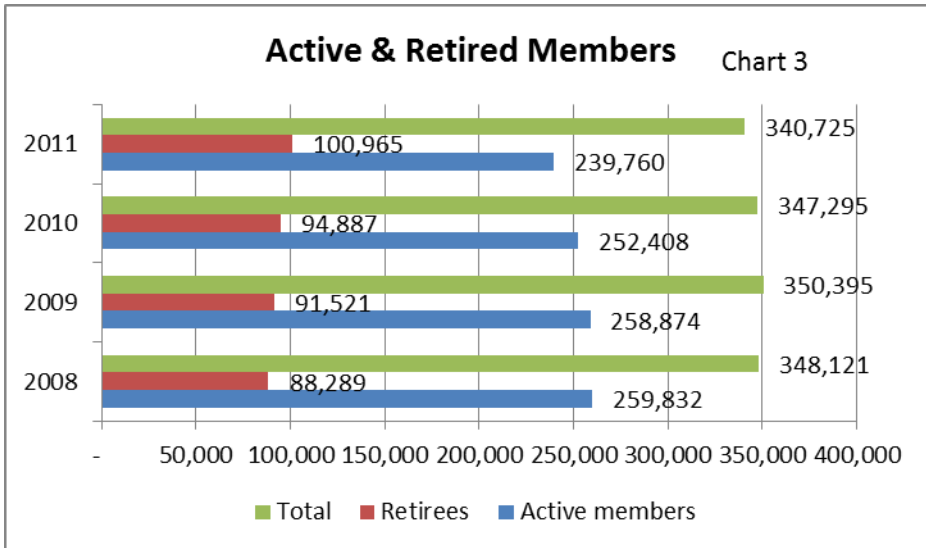


Chart 3: The composition of the membership is another factor to be considered in the cost. Rather than the membership increasing at 2% each year, the active population has retracted by almost 8% (-20,072) between July 2008 and July 2011, and the retired group has increased by 14% (12,676) over the same period. Although the cost on average is less for the retired population (as shown in Chart 2), fewer active members result in lower employer contributions (or higher rates) to the plan.

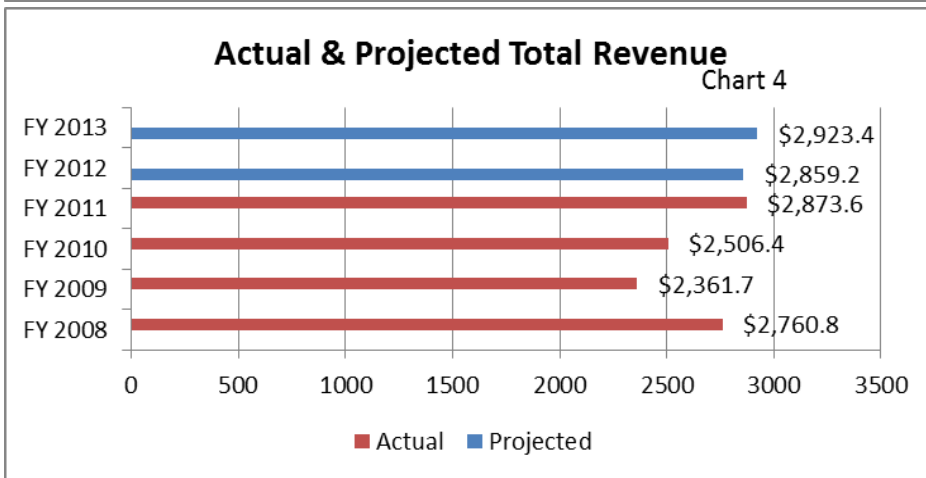


Chart 4 & Chart 5: SHBP revenue in Chart 4 shows the fluctuations in **Total** revenue (state, member, & other) into the plan. The FY 2012 and FY 2013 projections include the Department of Community Health’s request for \$60.4 million and \$69 million, respectively from the state.

Note that the revenue collected in FY 2008 reflects only the normal revenue. In addition to the \$2.8 billion in FY 2008, \$176.3 million was paid into the OPEB² trust fund which was later liquidated.

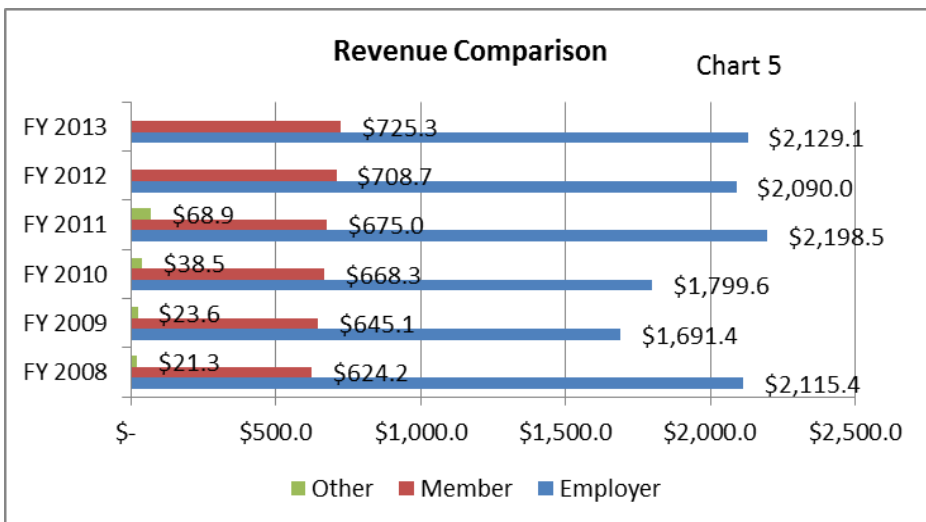


Chart 5 shows the breakdown of revenue. The actual revenue collected in FY 2009 and FY 2010 show the lowered state revenue which resulted in draining all SHBP reserves.

The premiums collected from members have increased steadily from \$624.2 to a projected \$725.3 (16.2%) in FY 2013. Most of us have experienced a much greater premium increase – at least 10% for each of the last 3 years. However, DCH reports these revenue amounts which represent the members’ share at a little less than 25% of the total SHBP cost.

² OPEB: Other Post Employment Benefits – Future liability for providing medical insurance to retirees.

DCH 2007 Key Tactical Steps-Plans & Actual

DCH staff presented Key Tactical Steps to effectuate the administration's objectives to (1) promote consumerism, (2) meet financial targets, (3) provide member choice, and (4) provide an opportunity for long-term success. The major steps implemented by year are:

- (a) In 2008, eliminated CIGNA HMO, broadly implemented consumerism by offering the HRA & HDHP options, increased member premiums by "zero" to 10%;
- (b) In 2009, consolidated vendors (United Healthcare & CIGNA), eliminated Kaiser and the indemnity option, implemented the Medicare Advantage Plan (MAP), and increased premiums from "zero" for HRA & HDHP to 10% for other options;
- (c) In 2010, increased deductibles, copays, coinsurance, and out-of-pocket (OOP) maximums, eliminated any premium subsidy for Medicare eligible retirees except in MAP, increased premiums by 10%;
- (d) In 2011, increased deductibles, copays, coinsurance, and OOP maximums, changed retiree

rates for options other than MAP to over \$1,000 per month, eliminated OAP/PPO option, increased premiums by 10% and more for coverage tiers having children covered;

- (e) In 2012, increased copays and OOP maximums in some options, offered "Wellness" options at 2011 level of benefits, and increased premiums 11%, 17%, or 28%.

The one key step that was included in the strategic plan for almost all of the plan years—to increase the HRA & HDHP options' value by 1% has not been met. Instead the benefit value of these options and MAP has been decreased rather than increased—in addition to substantial premium increases. GSRA members should support DCH's request for additional funding, and voice their concerns to their elected representatives about the reduced value of the SHBP options and reduced retiree choices. Your concerns should express the negative impact of increased cost of providing medical care for yourself and your family.

GSRA leadership met with Commissioner Cook and staff at the end of September. Results of that meeting will be reported in an upcoming newsletter edition.

Annual Membership Meeting Agenda

The special September 15th edition of the GSRA newsletter gives a complete description of the program and festivities planned for GSRA's fifth Annual Meeting. We encourage you to attend and hear about important issues surrounding areas of state pensions, tax reform/spending limits and health insurance.

House Retirement Committee Chair, Rep. Howard Maxwell, Senate Retirement Committee Vice-Chair, Sen. Fran Millar and ERS Acting Executive Director, Jim Potvin are the featured speakers to discuss the status of Georgia's pension systems. **Rep. Stacey Abrams and**

Sen. Bill Cowser will anchor the discussion regarding proposed state tax reforms and constitutional spending limits and their important impacts to members. Also, recently appointed **Department of Community Health Commissioner David Cook** will present comments on the status and condition of the State Health Benefit Plan.

In addition, representatives from the SHBP, UHC, and CIGNA will be present to answer questions during the afternoon. Representatives from the United Georgia Credit Union and AMBA will also be available to help with other benefits.

GSRA Steps Up Education Efforts Statewide

In line with its strategic focus, GSRA recently stepped up efforts to increase its visibility and education efforts by participating at conferences related to professional organizations. GSRA manned booths to provide general information to conference attendees and participated in one of the conference programs.

Athens Area Local Chapter President, **Kip Mann**, represented GSRA at the Georgia Juvenile Services

Association Conference in Savannah August 22 – 25. In addition to providing conference goers from the Department of Juvenile Justice, Georgia Correctional Industries and other agencies with GSRA information, Mann signed up 29 new GSRA members.

GSRA was also well represented at the annual Georgia Rehabilitation Association (GRA) conference at St. Simons Island Aug 31-Sept 2. **Sid Burden**, Vice-

President of the Waycross Local Chapter and **Alan Morris**, President of the NW Metro Local Chapter, represented GSRA in the conference exhibit area. One of

the results of distributing GSRA information is that over 20 rehabilitation professionals joined as new GSRA members.



GSRA Attendee receiving information from Sid Burden

Morris and an ERS staff member, **Richard Crippen** conducted a ninety minute concurrent “retirement” session aimed at future and current retirees. Thirty people attended the session and enthusiastically participated as Morris discussed the virtues and benefits of joining GSRA, and as Crippen explained how ERS calculates benefits. Crippen stated that he always encourages those who attend the ERS WRAP sessions to join GSRA because it pays to be an informed retiree.

GSRA Board Member **Darnetta Simalton** manned the GSRA booth at the Council for State Personnel Administration’s annual meeting on September 25. There was such an interest from attendees that all GSRA materials were exhausted by noon on the first day. In some cases, state personnel officers asked for multiple copies of GSRA materials in order to be able to distribute them to employees. Perhaps of even more significance, Simalton encouraged a group from Warm Springs who expressed an interest in starting a local chapter in their area to do so. .

GSRA encourages members to send an email to communication@mygsra.com about other conferences where information about GSRA can be distributed.

Local Chapter News

Altamaha

The Altamaha Chapter’s next meeting is scheduled for November 14, 2011 at 6:00 pm at Capt. Joe’s Restaurant, Highway 84 North, Jesup. Senate President Pro Tempore **Tommie Williams** will speak to the membership. All GSRA members residing in Wayne and surrounding counties are invited to attend.

Athens Area

The Athens Area Chapter will hold its first annual Legislative Breakfast at Strickland's Restaurant, 4723 Atlanta Hwy, Bogart, GA (1/3 mile West of Sam's Club on the Atlanta Hwy.). The meeting will start at 9:00 am on Tuesday Oct. 25. Seating is limited, so RSVP to Wanda Latta, wlatta570@charter.net if you wish to attend.

Coosa Valley Area

The Coosa Valley Area Chapter of GSRA will have a legislative reception Thursday October 27, 2011 10:00 am at the Rome-Floyd County Library, Coosa Room, 205 Riverside Parkway, Rome, Georgia. A short business meeting to elect chapter officers for 2012 will be held following the reception.

Lake Oconee

The Lake Oconee Area Chapter will hold its next semi-annual Legislative/Membership meeting on November 15th at 5:30 pm in the Family Life Center of the Greensboro First United Methodist Church. GSRA President **BJ Bennett** will be the guest speaker.

Central Metro

The Central Metro chapter met on September 8th at the Avis Williams Library in Decatur. Over 70 people attended to hear GSRA President **BJ Bennett** discuss changes to retiree health plans. We also had guest speakers **Representative Stephanie Stuckey Benfield** and **Representative Mary Margaret Oliver**, who gave retirees a legislative update and preview of upcoming issues. Representative Oliver stated that of the information she receives only 5% comes from her constituents. So let your representatives hear from you about all issues of concern. Central Metro is a new chapter and is growing. President Sam Shepherd encourages you to attend the chapter meetings and get your fellow retirees to join GSRA.



Rep. Stephanie Stuckey Benfield addresses Central Metro meeting

Northeast Metro

The Northeast Metro Atlanta Chapter held its first meeting in Hall County at the First Presbyterian Church in Gainesville. Normally, the meetings are held in Gwinnett County, a more central location. Just over 100 people attended the meeting where GSRA Legislative Liaison **Bill Tomlinson** was the main speaker and discussed the legislation the upcoming General Assembly may consider that could be of interest to our members. In attendance were four state legislators: **Representatives Tommy Benton, James Mills, and Carl Rogers** and **Senator Butch Miller**. The members heard from the legislators, who strongly encouraged our members to contact them concerning pending legislation. They stated they wanted to

hear how their constituents felt and encouraged their constituents to visit them at the Capitol during the session.



Northeast Metro September Meeting in Gainesville



Rep. Carl Rogers, Rep. Tommy Benton, Ernie Melton and Senator Butch Miller at Northeast Metro's September meeting

Does GSRA Have Your Correct Contact Information?

Please be sure to update your **email address** with GSRA when it changes. Simply log in to www.mygsra.com using your old email address and password; select "Our Members" and "My Profile", and then change your information using the "edit" feature.

If your **mailing address** changes, and you do not use a computer, please notify us of your new address by sending a card or letter to the address at the bottom of this page.

GSRA New Members in August

Name	County	Name	County	Name	County
Gayle O. Anderson	Wayne	James D. Davis	Monroe	John D. Paulk	Glynn
Elton O. Aspinwall	Wayne	Larry D. Deriso	Appling	Patricia M. Pearre	Muscogee
Bobby Ray Bacon	Dodge	Byrona Ann Dew	Appling	Carmen C. Peters	Dekalb
Judy A. Barnett	Floyd	Virginia D. Faught	Troup	Leola J. Roberts	Douglas
Linda G. Bean	Fayette	Mary E. Fornoff	Dekalb	Mary N. Robertson	Lowndes
Wendell Beecher	Wayne	Herman Griffin	Wayne	Carolyn S. Rogers	Wayne
Angelo M. Bonito	Glynn	Franklin D. Griffis	Wayne	Gary R. Ross	Coweta
Donna M. Buffum	Dekalb	Kay M. Hodges	Henry	Bob L. Seymour	Meriwether
Fran E. Cathey	Pickens	Elizabeth House	Clayton	Linda W. Seymour	Meriwether
Deen B. Chandora	Gwinnett	Simone P. Johnson	Dougherty	Lucy M. Shaw	Wayne
Mike D. Cleland	Appling	Linda Kidd	Sumter	Brenda Stith	Gwinnett
Patricia S. Coates	Dekalb	Carla P. Kirby	Appling	Lula L. Strickland	Clayton
Penny M. Collins	Thomas	Patsy D. Marlow	Carroll	Charles D. Thomason	Gwinnett
Margaret Copeland	Chatooga	Sari McCorkle	Dekalb	Russ Toal	McIntosh
John R. Cullison	Sumter	Roger K. Moore	Evans	Roger L. Walker	Fulton
Frank L. Davis	Floyd	Russell R. Paulk	(Tennessee)	Brenda Young	Oconee

As a GSRA Member, YOU have access to optional benefits offered by AMBA.

The benefit plans range from dental, vision, and long-term medical care to discount Vacation/Travel programs.

Retirees are traditionally great travelers, and GSRA members are no exception. The **Government Employee Travel Opportunities (GETO)**, constantly scours **opportunities for vacation** condominiums, hotels, resort programs, and **Vacations-to-Go Cruises** to find every discount. **You will find** great values for cruises, resorts, and escorted tour vacations, in addition to help in planning all travel options.

GSRA Board Member and Secretary, **Rachel Davis**, and her husband, **Alan**, are two members who have had satisfying experiences using an AMBA travel benefit. Rachel and Alan, who have used the **GETO** lodging service a couple of times, report that they stayed in a traditional condominium in Las Vegas and in a two bedroom cabin in the Shenandoah Valley area. In both cases, Rachel and Alan said that making their arrangements through the Internet was easy, that the pictured accommodations were the actual accommodations, that both choices had nice amenities and that the prices were good. Both said they were very pleased with their experience and would refer others to use the service.

If you are interested in exploring the AMBA travel benefits, get more details and contact information by logging in to the GSRA website, <http://www.mygsra.com/mc/page.do?sitePageId=120511>.

Do You Have Questions about SHBP to Ask Commissioner Cook?

If you would like a specific answer to your SHBP question to be asked DCH Commissioner Cook at the Annual Meeting on October 18th, please send the question to help@mygsra.com. GSRA will combine and rephrase the questions and then provide responses either individually or orally at the Annual Meeting. Please do not send specific questions about your claim problem; however, if the specific claim problem can be rephrased to a general issue or policy, we appreciate your sending the question.