

## Valdosta Chapter Hosts Legislators

GSRA's Valdosta Chapter, with about 125 members and guests in attendance, hosted a reception for local legislators on December 11, 2008. President Lamar Cole welcomed Representatives Ellis Black (D), District 144, and Amy Carter (D), District 175, to the event, held at the Georgia Department of Labor building.

After introducing the legislators and local GSRA officers, Cole expressed the group's appreciation for the legislators' presence and asked the assembled retirees if they agreed that their greatest concerns were protection of their State supplemented health insurance and their expected annual COLA. By a show of hands and some verbal assurances as well, these worries were quickly deemed to be paramount.

Rep. Black spoke first, assuring the group that he and Rep. Carter were aware of these issues. Both he and Rep. Carter said that the other invitees to the event, Senator Tim Golden and Representative Jay Shaw, would have been present but for unavoidable conflicts and that they would be brought up-to-date about the concerns of GSRA. Rep. Black went on to give the group some information on other of the State's expected problems for the coming year. Rep. Carter spoke also, and suggested that she would provide more information as to proposed bills, committee assignments and the like following the convening of the General Assembly about the middle of January, 2009.

The chapter, which has been meeting for a monthly 'Dutch treat' luncheon, scheduled the December meeting for 6 p.m. and served hors d'oeuvres in order to provide a better opportunity for those who could not attend during mid-day. All present agreed that the meeting was a great success.



*Valdosta Chapter President Lamar Cole welcomes Rep. Amy Carter (D) & Rep. Ellis Black (D) to the December GSRA Chapter meeting.*



*Valdosta Chapter members pack the room at their December Meeting to hear Rep. Carter and Rep. Black.*

Congratulations to the Valdosta Chapter on this outstanding and highly productive event!

**Would you like to start a GSRA Local Chapter in YOUR community? Find out how in the Local Chapters section of the website [www.mygsra.com](http://www.mygsra.com) --- Send email to [membership@mygsra.com](mailto:membership@mygsra.com) when you're ready to set up your local chapter!**

### SHBP RESERVES CUT BY \$525 MILLION

The fact that Georgia has a large budget deficit for FY 2009 is not new information. However, the amount of funds--\$525 million—that Governor Perdue’s administration has requested from the SHBP is staggering. GSRA’s August newsletter presented the Governor’s proposed reduction plan as shown in the following chart.

Reduction Item	Savings
6% Reduction – Non-Exempt State Agencies	\$443 million
2% Reduction – Board of Education	164 million
5% Reduction – Medicaid/PeachCare	108 million
Cancel State Employee Salary Increase	73 million
Reduce SHBP Reserves	225 million
Suspend OPEB Contributions	100 million
Cut Homeowners Tax Relief Grant	429 million
Reduce One-Georgia Authority (Tobacco Reserves)	47 million
FY 2008 Amended Budget Unexpended Reserve Funds	40 million
<b>Total Deficit Reduction Plan</b>	<b>\$1.63 billion</b>

At that time, the plan called for reduced SHBP reserves of \$225 million and suspension of \$100 million in OPEB Contributions. At the January 8, 2009 Board of Community Health meeting, however, the DCH staff proposed the following reductions in employer contribution rates for the period of February through June, 2009:

- State Agencies’ rate was cut from 22.1625% to 1.926% of salaries to reduce revenue by \$127 million.
- Teachers’ rate was cut from 18.534% to 8.579% of salaries to reduce revenue by \$275 million.
- School Service personnel quarterly payments were reduced by \$124 million.

DCH staff reported at the meeting that the total planned reduction of SHBP reserves (as shown above) will now be \$525 million. This reduction leaves a balance in the reserves of \$147 million<sup>1</sup> or about 5% (less than three weeks) of expenses. Although the staff pointed out that the \$147 million is after all benefit liabilities, this reduction totals \$200 million [\$525 million less \$225 million plus the \$100 million for OPEB] more than Governor Perdue’s original reduction plan.

DCH has again updated the SHBP’s Revenue and Expense Statement that was printed in the September 2008 GSRA newsletter and presented to the Board at the January meeting. The actual for FY 2008 and current projections for FY 2009 and FY 2010 are reflected in the

abbreviated statement shown in the opposite column. This table shows that the reduced revenue will leave only \$137 million in the Fund Balance reserves on June 30, 2009.

DCH staff specifically pointed out that the reduced rates were for FY 2009 only and that the employer contribution rates for FY 2010 would be restored to a level commensurate with the expenses. Of course, one should remember that:

- The premiums for many of the SHBP options were increased as of January 2009 by 10%.
- Members pay approximately 25% of the cost of coverage. Employees paid a lower percentage at times over the last several years, but according to DCH, members’ contributions averaged 25% over this time period.

Revenue and Expense by Fiscal Year (In Millions) - Exclusive of FY 2008 OPEB Revenue			
	FY 2008	FY 2009	FY 2010
Total Revenue (State, Member & interest)	\$ 2,760.8	\$ 2,369.3 <sup>2</sup>	\$ 2,891.9
Administrative & Benefit Expense	\$ 2,535.7	\$ 2,705.2	\$ 2,832.3
Surplus/(Deficit)	\$ 225.2	\$ (335.9)	\$ 59.6
Fund Balance Reserve from previous year	\$ 247.7	\$ 472.9	\$ 136.9
Projected Total Reserve	\$ 472.9	\$ 136.9	\$ 196.5
OPEB Contributions	\$ 184.9	\$ 9.6	TBD

DCH staff requested a second action by the Board at the January meeting: to transfer \$9.6 million in FY 2008 OPEB trust fund contributions (not received until FY 2009) to the Fund Balance reserves. This transfer would have increased the Projected Total Reserve to \$147 million. Board Member Robinson objected to the transfer and the resolution failed without a motion. Therefore, as of this writing, the \$9.6 million will be retained in the OPEB Trust Fund.

<sup>1</sup> See the last paragraph of this article about the \$9.6 million.

<sup>2</sup> After reduction of \$525 million.

**DCH POLICY CHANGE AFFECTS 70,900 RETIREES  
(STATE, TEACHERS, & SCHOOL PERSONNEL)**

The Department of Community Health (DCH) announced in October 2008 the three following policy changes. One change affects new employees who are eligible for the State Health Benefit Plan (SHBP). The other two changes target retirees.

- Effective January 1, 2009, all new employees who are eligible for the SHBP will be offered only a Consumer Driven Health Plan (i.e., the CIGNA or UHC HRA, or the CIGNA or UHC High Deductible Plan).
- Effective July 1, 2009, retirees who are age 65 or older and who have not enrolled in Medicare Part B will be required to enroll in Medicare Part B

medical coverage or pay an increased SHBP premium that recognizes the value of Part B Medicare. The SHBP will pay any Medicare late enrollment penalty for these individuals.

- Effective January 1, 2010, all retirees age 65 or older will be required to enroll in the CIGNA or UHC Medicare Advantage Plan or pay a SHBP premium that does not reflect any SHBP subsidy. The GSRA December 2008 Newsletter explains the impact on retirees.

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Retiree Coverage – September 1, 2008			
Type of coverage	Single	Family Covered lives	Total Retiree Lives
Under age 65	18,837	36,033	54,870
Full Medicare	28,094	26,944	55,038
Part A Medicare Only	181	173	364
Part B Medicare Only	99	62	161
Part A & B Medicare	7,951	4,689	12,640
Part A & D Medicare	132	93	225
Part B & D Medicare	165	77	242
No Medicare	1,393	902	2,295
<b>Totals</b>	<b>56,852</b>	<b>68,973</b>	<b>125,835</b>
Retirees 65+	38,015	32,940	70,965
% Over 65 enrolled in full Medicare	73.9%	81.8%	77.6%
% Over 65 enrolled in Parts A & B	94.8%	96.0%	95.4%

GSRA asked the DCH to identify the number of retirees that are affected by the two policy changes for retirees age 65 or older. DCH provided enrollment information as shown in the table above.

Based on the above enrollment, 2,884 retirees (or spouses) will be notified of the requirement to enroll in Medicare Part B or pay a higher premium effective on July 1, 2009. These individuals will have an opportunity to enroll for Part B during the months of January through

March 2009 for an effective date of July 1, 2009. DCH has announced that the State will pay any late enrollment penalty for these individuals. The penalty is 10% of the Part B premium for each year the person was eligible to enroll and did not. However, late enrollment is considered to be the **later of the retirement date or reaching age 65**. Therefore, if an individual who was retired and did not enroll for 3 years following age 65, the penalty is an additional 30% of the Part B premium or \$28.92 per month.

The policy change to require all retirees to choose a Medicare Advantage Plan in January 2010 will impact 70,965 retirees (and spouses and those who will reach age 65 in the next year). But the policy will eventually affect all 125,835 current retirees (and spouses) and all future retirees because they will reach age 65 at some point. In the October 2008 meeting of the Board of Community Health, the discussion about the new policies centered around the savings to the State – not the impact on retirees. As mentioned in the December GSRA Newsletter, MAP enrolled retirees will not receive 100% payment for their medical expenses until they have paid \$1,000 out-of-pocket (exclusive of office visit copays). Additional out-of-pocket cost required by any retiree depends on the number and type of medical services received. However, the current MAP premium is less than the PPO, HMO, or HRA premiums with Medicare Part D and will offset some of the additional out-of-pocket cost.

**WHAT ABOUT DENTAL INSURANCE?**

A member recently asked about the possibility of acquiring dental insurance for retirees. Unfortunately, dental insurance coverage is not available to state retirees unless they were covered by the dental plan while actively employed and they chose to continue their dental coverage after retirement. GSRA's only advice at this time is for the retiree to check with AARP to see if that organization sponsors a plan for members, or check with a private insurance company about purchasing dental insurance.

**IS YOUR EMAIL ADDRESS CORRECT?**

Please be sure to update your email address with GSRA when it changes. Simply log in to [www.mygsra.com](http://www.mygsra.com) under your old email address. Then select "Our Members" and "My Profile". You can then change your information through the "edit" feature.