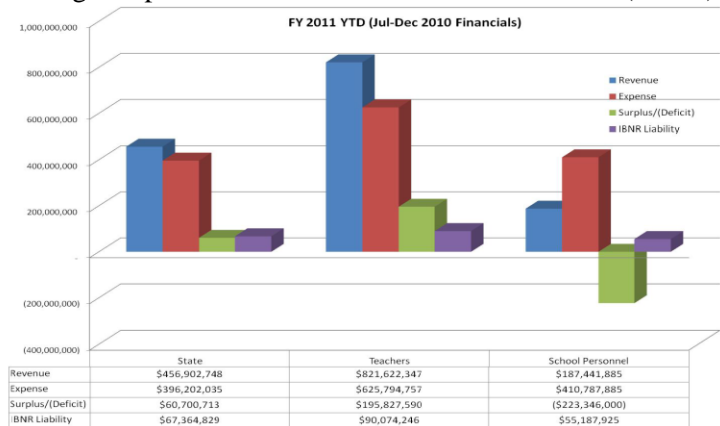
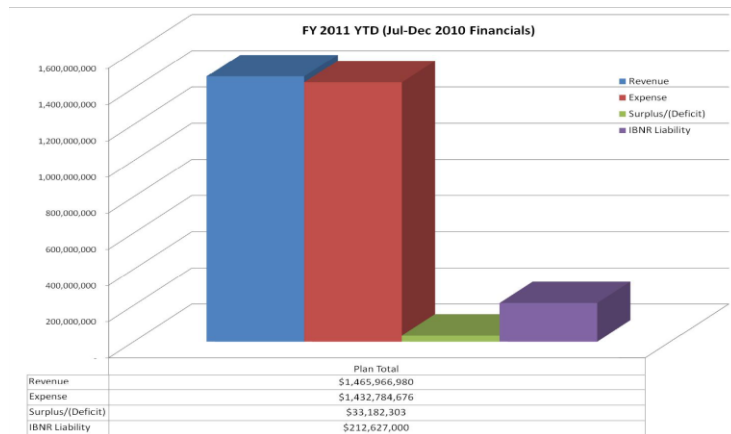


## DCH Presents the SHBP FY 2012 Budget to Appropriations Subcommittee

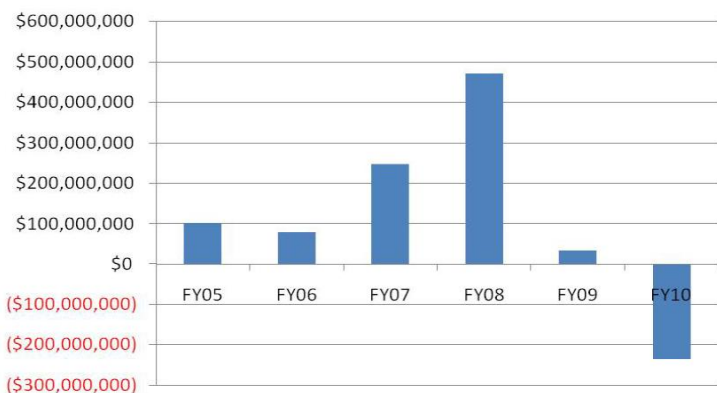
Commissioner David Cook presented the Department of Community Health FY 2012 budget request to the House Appropriations Subcommittee on February 17, 2011. Commissioner Cook expressed his overall concern about the funding components of the State Health Benefit Plan (SHBP).



Combined Revenue & Expense



SHBP Reserve Balances by Fiscal Year



Commissioner Cook presented information about the expenditures of the SHBP for the 1<sup>st</sup> six months of FY 2011. As you will note, the components are shown separately for the three major populations that are served by the SHBP. The state employee population and the certified teacher population have a small amount of revenue over expense; however, the Public School Employees (non-certificated school personnel) has a substantial shortage. The budget narrative shows that an additional \$56 million is requested and recommended by Governor Deal to fund this population.

When the Revenue & Expense for the entire plan is combined (all populations) for SHBP for year-to-date FY 2011, a small amount of revenue greater than expense is reflected.

Commissioner Cook also presented the SHBP reserves (excluding Other Post-Employment Benefits reserves) for FY 2005 through FY 2010. This chart shows the impact of the reduced State contribution beginning on February 2009. The chart shows that about \$480 million in reserves plus \$220 in Incurred But Not Reported reserves (\$700 million) was used to pay SHBP expenses in FY 2009 and FY 2010. Since this chart does not show OPEB reserves, another \$170-180 million of OPEB reserves were used in FY 2010. Therefore, the total reserves used is \$480 million Fund Balance reserve, \$220 IBNR reserve, and \$170-180 million OPEB reserves for a grand total of approximately \$900 million.

## Board of Community Health Meeting

The Board of Community Health met on March 10, 2011. David Cook, the new Commissioner of the Department of Community Health, briefed the Board on key initiatives for the Department. In addition, the Chief Financial Officer, Vince Harris, presented information regarding the financial status of the State Health Benefit Plan.

Harris stated that the SHBP had a major hole - \$250 million - between funding and expenditures for FY 2012. He explained five major reasons for the shortfall:

- Funds paid on behalf of the non-certificated school employees has been reduced from \$279 million in FY 2008 to \$25 million in FY 2011;
- Anticipated funding from the Early Retiree Reinsurance program (by the federal government) will generate \$67 million rather than the \$110 million that was earlier projected;
- The employer rate for State agencies was increased to generate \$56 million during FY 2011 to absorb the deficit funding for the non-certificated public school employees, but the appropriation for FY 2012 is only \$30 million—a substantial underfunding since the deficit for this population was \$233 million in the first half of FY 2011;

- The employer contribution for the certificated teachers for the 1<sup>st</sup> month of FY 2012 will be substantially less than normally received;
- Employees/teachers are retiring at a higher rate than in the past, thereby removing higher salaried employees from the employer contribution calculation.

The Board adopted a resolution to increase the monthly local school system rate for the non-certificated members from \$218.20 to \$246.20 effective June, 2011.

Although the staff did not comment on the recent news articles about the proposed increase in employee premiums on January 1, 2012, the above background provides the rationale for the revenue shortage. GSRA members who have e-mail addresses were furnished this information in an Action Alert under date of March 16, 2011.

## GSRA Officers Meet With DCH Commissioner

The GSRA President and Vice President met with the new Department of Community Health Commissioner, David Cook, on March 11, 2011. The emphasis of the meeting was GSRA's objective to improve transparency in decision-making and establish a framework for providing input into proposed benefit and rate policies before implementation.

A draft of a bill to implement the desired Advisory Council was provided to Commissioner Cook. Recognizing that the 2011 General Assembly Session is three-fourths complete, there is insufficient time for a bill to be passed in this session. Commissioner Cook expressed his desire to be "all inclusive" in policy development and committed to more transparency. We hope that his expressed opinion will translate into action in the near future.

## Legislative Committee Report

Much more – and less -- has been happening this session than we had expected entering it. We began January with three "offensive" goals –

- Obtain general legislative support through our GSRA Day at the Capitol and the joint reception with the Georgia County Welfare Association that evening. As reported in our last newsletter, these events were major successes.
- Get sponsors and passage of a bill to authorize the ERS to provide GSRA with retirees' contact information if approved by the retirees, and
- Get sponsors and passage of a bill to create a State Health Benefit Plan (SHBP) advisory committee for the Board of Community Health.

We also had one "defensive goal" which was to prevent the adoption of certain recommendations of the

Special Council on Tax Reform and Fairness, specifically the elimination of the pre-2010 income tax exclusion of \$35,000 for single-filing seniors and \$70,000 for married-filing seniors; the elimination of the sales tax exemptions on groceries and prescription drugs; and the imposition of sales tax on health care services. And, of course, we had our "prevent defense" to identify and act on bills, including the FY 2012 "big budget" bill, being introduced during the session. As usual, many bills fit into this category. So far, we have collaborated with several other allied organizations and sent four action alerts, which have resulted in us "helping" legislators make the right decisions.

During this time, your Legislative Coordination Committee has been actively engaged, attending committee meetings and meeting with legislators to provide them relevant information. Additionally, several members of

GSRA leadership, individually or collectively, have been interviewed for news articles and/or radio shows.

With 36 of the 40 legislative days completed, here's where we stand:

- **“Crossover Day” has come and gone**, so bills which did not pass one house as of that day can no longer be considered in the other house even if now passed in the first house. However, the content of bills can be either amended into an existing bill which has passed a house or substituted for an existing bill which has passed a house. Because such action is more difficult to detect, your Legislative Coordination Committee is even more diligent in its bill monitoring.
- **Bill to authorize ERS to provide GSRA with retiree contact information upon approval by retiree**: While we have had general support, we have not yet had a legislator step forward for us. Not giving up, we are still trying to get one introduced and possibly passed in one house. This will give us a great “leg up” next year.
- **Bill to create an SHBP advisory council to the Board of Community Health**: The same is true for this bill as for the retiree contact information bill with one exception – the Commissioner of Community Health supports the concept and has committed to obtain retiree and employee input for policy considerations regardless of whether a bill is passed.
- **Tax reform and “fairness” bills**: As reported in a previous GSRA Action Alert, the Joint Georgia Revenue Structure Committee took up the recommendations of HBs 385, 386, 387, and 388. The Committee determined that one of these, HB 387, was to be operative and crafted this bill to reflect the Committee's preferences. In short, this bill included many of the Council's recommendations, including reducing the personal income tax rate from 6% to 4.5%, eliminating the business sales tax on energy, and taxing non-family casual sales of vehicles and planes. The bill did not include the Council's recommendations to eliminate the current senior income tax exclusions, the sales tax exemptions on groceries and prescription drugs, and health care, among others, or to impose additional sales tax on cigarettes. GSRA members should be gratified that,

to this point, the hard work of many helped to avoid bill provisions that would have greatly added to annual tax payments. However, the bill is still being heatedly discussed by members of both houses, the final outcome is still in doubt, and GSRA must be prepared for further work until final passage.

- **Bills to make more difficult passage of future “dead peasants” or similar unwarranted use of our pension funds to buy insurance on employees’ and retirees’ lives**: As reported in another of our Action Alerts, Rep. Howard Maxwell, current GSRA Legislator of the Year award recipient, authored or co-authored four bills to lessen the likelihood of future “dead peasants” bills to pass. Three of the bills, HB 293, 297, and 308 passed the House and have been favorably reported by the Senate Retirement Committee. The fourth bill, HB 371, has passed the House and is being considered by the Senate Insurance and Labor Committee.
- **Resolution to cap state revenues and expenditures**: SR 20, sponsored by the Senate Leadership and known as the Taxpayer Protection Amendment of 2011, passed the Senate early in the session. SR 20 is a proposed constitutional amendment, which would cap budgeted revenues. The formula for the cap is the sum of the previous year's revenues plus the percentage increase in state population. The product of these revenues would then be adjusted by the percentage increase in the Bureau of Labor Statistics' state and local government gross product index. A GSRA news article detailed the calamitous impact SR 20 would have on the state's capability to deliver services and meet its obligations to retirees. To date, SR 20 has not moved out of the House Ways and Means Committee.
- **Last minute House underfunding of SHBP in FY 2012 resulting in an additional 10% increase in health insurance premiums**: After at least two months' preparation by the Department of Community Health of its budget request, four months of consideration by the Governor for his budget recommendations, and several concurrent months' analysis by the House Budget Office, a previously

unseen shortfall of \$250 million in SHBP materialized. House leaders proclaimed that existing funds were already allocated, so this deficit would have to be made up by SHBP members through a *67% premium increase!* But almost immediately, House leaders determined that Medicaid and other funding could be utilized against most of the shortfall so that Plan members would suffer *only a 20% premium increase!* (a previously announced 10% plus 10% more to retire the uncovered reserve shortfall). The dismaying thing about this year's second premium increase is that it in no way was caused by increasing medical costs. The shortfall resulted solely from the state not providing its traditional level of funding for

the SHBP and using the withheld funds for other purposes. In effect, then, this second 10% premium increase is a TAX being imposed only on SHBP members to pay for services and other matters totally unrelated to our health care. **On Monday, March 28<sup>th</sup>, the Senate Appropriations Committee favorably reported the FY 2012 Appropriations bill. It includes a 19% rather than the 20% increase in member premiums for January 1, 2012.**

So that's where we stand for now. The General Assembly is scheduled to take a break after this week, reconvene for day 39 on April 12, and *sine die* on April 14.

**Has Your GSRA Membership Expired? Renew Today-\$15!**

*Just go to [www.mygsra.com](http://www.mygsra.com) and point to the "Join Us" button, then click on "GSRA – Membership Renewal". Update your personal information on the next page if you need to, and then click "Submit" at the bottom. On the next page, click on "Credit Card" and follow the instructions. As a reminder, spouses are welcome and encouraged to register.*

**Don't use credit cards online?**

*Just click on the "Send Check" option and follow the instructions carefully. Don't forget: Make sure your full name and mailing address, plus the words "MEMBERSHIP RENEWAL are on the check, payable to "Georgia State Retirees Association" and send the check to: GSRA, PO Box 2391, Newnan, GA 30264.*

*If you receive GSRA newsletters by US Mail and not by computer, your membership expiration date is shown above your name on the mailing label. Please renew on time by following the check-mailing instructions above. If the expiration date shown on your mailing label is incorrect, drop a note to: GSRA, PO Box 108, Bethlehem, GA 30620. Keep your membership current! Don't miss out on important news and events!!*

## **Responding to Issues About to Get Easier**

The GSRA Policy and Operations (P&O) Committee has decided to try out a software service to make acting on Action Alerts easier for our members. The advocacy software is provided by the **databank**, a Minneapolis, MN company which develops web-based nonprofit software. The Georgia Wildlife Federation (GWF) has been using this service successfully for years to provide members of their Camo Coalition easy methods of notifying their legislators where they stand on issues before the General Assembly (See [www.CamoCoalition.com](http://www.CamoCoalition.com)). GWF reports a high level of response from their members over the years, and they credit this to the ease with which their members can take action.

The advantage of the **databank** advocacy service is that it automatically geo-codes a member's address and maps their location to the corresponding legislative districts. So, when you take action on an issue sent out by GSRA you will be able to click a button to send the default message to your legislators. You will also be able to modify or customize the message before you send it to your representatives, track issues you have acted on in the past and request information from your representatives on where they stand on issues.

GSRA is currently testing the service and it will be implemented for members later this year. Additional information about the improved process will be forthcoming in GSRA newsletters

## Member Spotlight – Bob Pollock



From time to time, the GSRA Newsletter likes to introduce a GSRA member and ask him or her about aspects of their state career or former career, as well as their current perspective and what they're up to now. This month's newsletter spotlights Bob Pollock. Bob, current president of the Southwest Georgia Chapter of GSRA, retired from Department of Family and Children Services (DFCS) following a career where he started as a DFCS Caseworker, moved on to Child Support as an Agent and Regional Supervisor, then returned to DFCS as District DFCS Director, Dougherty County DFCS Director, and retired as Region DFCS Director in 2002. Since retirement, Bob has lived on Lake Blackshear in Crisp County. Following are some questions we asked Bob to answer:

Q - What was your first job in State Government? Why did you want to work in public service/state government?

A - **I was a caseworker in Dougherty County DFCS. Job security, employee benefits and retirement plan**

Q - Did you have a role model or mentor in your career?

A - **My parents were my role models. They both had strong work ethics and taught me how to manage money.**

Q - What's the biggest lesson you learned in your public service career?

A - **When dealing with both consumers and staff, the "Golden Rule" always worked for me.**

Q - If you could turn the clock back on one aspect of technology-examples being email, automated phone systems, cell phones, PDAs, etc.- what would you most like to see go away?

A - **No question, the automated phone systems. They are impersonal and are not customer friendly.**

Q - Best thing about your public service career?

A - **Feeling that I played a small part in making life better for children and families.**

Q - Worst thing about your public service career?

A - **The lack of resources needed to provide services to children and families.**

Q - What do you think is the biggest change in state government we will see in the next 10 years?

A - **The state will continue to have problems recruiting and maintaining quality employees because of pay and benefits issues.**

Q - What did you do in your first year of retirement?

A - **Continued to work for the State as an extended service employee.**

Q - Favorite hobbies or activity in retirement?

A - **Spending time with my grandchildren, traveling and hunting/fishing.**

Q - What was the last book you read? Do you have things you read daily or regularly? If yes, what do you read regularly?

A - **The Appeal by John Grisham. Daily I read the Upper Room Devotional Guide and the local newspaper.**

## Local Chapter News

### Northeast Metro Chapter

The Northeast Metro Chapter will meet April 27 at the Golden Corral in Lawrenceville. Members that bring in new members will both receive a free GSRA coffee mug. We plan to eat at 11:30, but please arrive by 11:15.

Northeast Metro will also host another "GSRA Night" at the Gwinnett Braves stadium May 19, 2011. Game time is 7:05 PM. The ticket price for our group will be \$8 per seat instead of the regular price of \$12. All GSRA members are invited to attend the game and join in the fun. Bring your spouse, family, friends (especially retired friends from state government), and neighbors. **Come and see the future Atlanta Braves super stars... before they become super stars.** For more information, e-mail Ernie Melton at [ErnestMelton@bellsouth.net](mailto:ErnestMelton@bellsouth.net) or call him at 770-963-0561.

### Thomasville Chapter

The Thomasville Chapter will hold an important meeting at Ryan's Steakhouse off Hwy 319 on Monday, April 11, 2011 at 5:30 PM due to renovation of the library. There will be a dutch treat and retirees and active employees are encouraged to attend.

### West Georgia – Columbus Chapter

The West Georgia-Columbus Chapter, chartered in late 2010, held an important meeting in February to elect its first slate of permanent chapter officers to a full term. Those elected were Margaret Gosden, President; Connie Smith, Vice-President; Margaret Ledbetter, Secretary; Elizabeth Eustice, Treasurer; and Gail Warren, Membership Chairperson. In addition, the chapter created an additional officer's position, Public Relations

Chairperson, and elected L.J. Warren to it. As a part of our goals, our next Chapter meeting is being planned at the Columbus Public Library for May 3, 2011, at 11:30 AM. A catered lunch will be served, and one or more members of the Legislature are expected to speak.

Our Chapter is now over fifty members and is actively recruiting new members, both those not already a member of GSRA and those who are already a GSRA member but not affiliated with a local Chapter. Those interested in becoming a part of the West Georgia-Columbus Area Chapter can do so by going onto the GSRA website and entering the West Georgia-Columbus Area Chapter as your Chapter. If you need assistance, feel free to contact Gail Warren, our Membership Chairperson, at 706-327-4200.



West Georgia-Columbus Chapter meets in February

### 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](http://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 Local Chapter Upcoming Meetings**

| <b><u>Chapter</u></b>        | <b><u>Date</u></b> | <b><u>Time</u></b> | <b><u>Location</u></b>     |
|------------------------------|--------------------|--------------------|----------------------------|
| ABC of Douglas               | April 5, 2011      | 10:00 AM           | Satilla Regional Library   |
| Athens Area                  | April 13, 2011     | 11:30 AM           | Ryan's Steakhouse          |
| East Metro                   | April 14, 2011     | 1:00 PM            | Golden Corral              |
| Georgia Retired Educators    | October 10, 2011   | 10:00 AM           | Holiday Inn/Buford Hwy     |
| Lake Oconee Area             | May 17, 2011       | 5:30 PM            | Greensboro FUMC            |
| Northwest Georgia            | April 28, 2011     | 1:00 PM            | Western Sizzlin Steakhouse |
| Northeast Metro              | April 27, 2011     | 11:30 AM           | Golden Corral              |
| Northwest Metro              | May 18, 2011       | 10:30 AM           | Cobb County Main Library   |
| Rome                         | TBD Late April/May |                    |                            |
| South Coastal Georgia        | April 26, 2011     | 2:00 PM            | The Strike Zone            |
| Southeast Georgia (Waycross) | April 11, 2011     | 11:30 AM           | Quality Inn                |
| Southwest Georgia (Albany)   | May 12, 2011       | 10:30 AM           | Golden Corral              |
| Thomasville                  | April 11, 2011     | 5:30 PM            | Ryan's Steakhouse          |
| West Georgia – Columbus      | May 3, 2011        | 11:30 AM           | Columbus Public Library    |