Newsletter

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Board of Community Health Modifies SHBP Options for 2014

On January 27, 2014, Commissioner Clyde Reese of the Department of Community Health presented modifications to the State Health Benefit Plan benefits for the Bronze, Silver, and Gold 2014 options. The Medicare Advantage options (Standard and Premium) were not affected. SHBP modifications were made after the grass-roots "Teachers Rally to Advocate for Georgia Insurance Choices (T.R.A.G.I.C.)" pressed the DCH and Governor for changes because of high deductibles and high out-of-pocket cost for the new SHBP options. T.R.A.G.I.C. members expressed concerns about the elimination of HMO type benefits (copayments for physician visits) and their financial inability to pay the "up-front" costs for the family's medical expense. After hearing the concerns of teachers and state employees, the Governor and Commissioner recommended and the Board approved changes as follows:

SHBP Changes (Approved January 27, 2014)		
	Change Amount	**Impact for ALL Options (Bronze, Silver, and Gold) for active members and under age 65 retirees)**
Primary Care Office Copays	$ 35	Allowed costs for these services will not be subject to the deductible, but a medical visit will require the copay at the time of the visit. The copay paid for any of these services must be included in maximum out-of-pocket amount. (See limitation on cost-sharing-ACA Costs to SHBP article.)
Specialty Care Office Copay	$ 45	
Rehab Services Copay	$ 25	
Emergency Room copay	$150	
Urgent Care Copay	$ 35	
Prescription Copays		The pre-January 27th plan required a percentage copay with a minimum and maximum amount for each tier. The change establishes the lesser of cost or a dollar amount for prescriptions in the tier.
Tier 1	$ 20	
Tier 2	$ 50	
Tier 3	$ 80	
All copays will be effective on March 14, 2014 and will be retroactive to January 1st.		

Commissioner Reese stated that the cost of these improvements will cost $58 million (later revised to $57 million) for FY 2014 and $116 million (later revised to $114.8 million) for the 2015 plan year. Although no additional funds were approved for the plan, Commissioner Reese stated that the SHBP reserves will cover the additional cost. The option (Bronze, Silver, or Gold) deductibles will remain in force for services other than those specifically mentioned; the out-of-pocket maximum before members will receive 100% payment for medical cost will remain in force for each option (Bronze, Silver, and Gold). Implementation of the new copays will be effective March 14 but is retroactive to January 1, 2014. The copay amounts will accumulate in the out-of-pocket maximum, according to the provisions discussed in the article "ACA Costs to the SHBP."

GSRA has requested information about how members will be reimbursed for HRA dollars used or deductibles paid between January 1st and March 14th. DCH has not responded to the questions, but reports that information is being developed to send to departments and school systems.

GSRA Day at the Capitol and Legislative Reception Rescheduled
Wednesday, February 26th

Legislative Report

GSRA Legislative Committee members are monitoring over 100 House and Senate Bills and Resolutions. Approximately 25-30 bills that were introduced in 2013 have been dormant since the bills were "read" and placed in committee. These bills are continuing to be tracked, but not listed in this report. We recognize that GSRA members are interested in bills that affect the agencies for which they worked; however, this analysis is limited to the bills about the retirement systems, the State Health Benefit Plan, and limitations on taxes.

Bill Number	***Brief explanation of the Bill***	***Status – 2/7/2014***
HB 263	HB 263 provides for persons who become eligible to participate in the State Health Benefit Plan after July 1, 2013 would be excluded from receiving any employer contribution for retiree coverage. Much confusion about how the bill affected current SHBP members resulted in the author of the bill withdrawing the bill.	Since the bill was withdrawn, GSRA lists this as a bill of interest just to keep vigilant about this type of bill.
HB 511	HB 511 provides for a two-year pilot program by the State Health Benefit Plan for coverage on bariatric surgery. The bill provides for selection of 75 participants, evaluation processes, and reporting. The pilot program will be activated only if funds are specifically appropriated for the purposes of this Act.	The bill was favorably reported and passed by the House. The Senate Health & Human Service Committee Favorably reported a Committee Substitute.
HB 516	HB 516 provides for members of the regents retirement plan to reverse an earlier election and elect to become members of the Teachers Retirement System by paying the necessary funds required for the service so that "NO" unfunded liability is generated.	Favorably Reported by House Retirement Committee on 2/5/14.
HB 707	HB 707 adds a provision prohibiting use of state powers to implement the federal Patient Protection and Affordable Care Act of 2010, and allows the Attorney General to litigate any violation.	H. Judiciary 1/14/14.
HB 761	HB 761 deletes current language about specific Governmental Accounting Standards Board (GASB) statements for public employee retirement plans and replaces the language for complying with accepted actuarial processes.	H. Retirement on 1/17/14.
HB 764	HB 764 changes the current automatic enrollment in the Georgia Employees' Pension and Savings Plan (GSEPS) from 1% to 5% of salary upon employment for new employees on and after July 1, 2014. State agencies match the first 1% at 100% and will match the members' 2% to 5% contribution at 50%. Therefore, matching state funds will be provided at 3% of compensation when the member contributes 5% of compensation. The member may change or discontinue the contribution by filing the request. Members may also contribute more than 5% of compensation, but within IRC guidelines and without an employer match percent.	H. Retirement on 1/17/14.
HB 843	HB 843 deletes outdated references to the federal Internal Revenue Code and replaces the correct IRC references regarding maximum contributions and benefits.	H. Retirement 1/24/14
HB 868	HB 868 requires the Board of Community Health (Department of Community Health) to contract with at least two vendors to provide member options under the State Health Benefit Plan.	H. Retirement 1/27/14
SB 224	HB 224 creates the ***Invest Georgia Fund as a distinct component of the Seed-Capital Fund for venture Capital*** and requires that funds authorized by law shall be placed in the fund. GSRA is concerned that the retirement trust funds are not excluded from placement in the venture capital initiatives.	Passed Senate and Recommitted to the H. Ways and Means Committee in March 2013.

SB 281	SB 281 requires the Department of Community Health to expand options under the State Health Benefit Plan so that participants can be offered a High Deductible option with access to a Health Savings Account.	S. Insurance & Labor 1/15/14.
SB 328	SB 328 requires the Department of Community Health (Board of Community Health) to contract with at least two vendors to provide members with at least two health care benefit plans under the State Health Benefit Plan. The additional contract would be implemented at the first available opportunity.	S. Insurance & Labor 1/27/14
SB 334	SB 334 has the same provisions as HB 707.	S. Insurance and Labor
SB 346	SB 346 provides that "at least one member of the Board of Community Health" be an active participant of the State Health Benefit Plan.	S. Health & Human Services 2/4/14
SR 412	SR 412 is one of two proposed Constitutional Amendments that would limit the state's ability to adequately meet the needs of its people in the future. The Amendment under SR 412 would permanently cap Georgia's sales tax rate, but allows cities and counties to raise local sales tax or lawmakers to raise the sales tax only when reducing the income tax.	S. Finance 2/28/14
SR 15	SR 415 is the one of two proposed Constitutional Amendments that would limit the state's ability to adequately meet the needs of its people in the future. The amendments under SR 415 would permanently cap the state's top marginal income tax rate at its current level of 6 percent.	S. Finance 2/18/14
SR 782	SR 782 establishes a House & Senate Joint Study Committee on the Design of the Teachers Retirement System to evaluate whether the state should continue to offer the existing retirement plan to new employees entering the teaching profession.	S. Retirement 1/23/14

Members can find the status of each bill being tracked by the GSRA Legislative Committee to be posted to the GSRA website no later than February 20.

SHBP Amended FY 2014 and FY 2015 Budget Presentations

Commissioner Clyde Reese III, Esq., Department of Community Health, presented the State Health Benefit plan budget information to the Joint Appropriations Committees and the House Subcommittee on Health on January 15, January 16, and February 4, 2014. Commissioner Reese summarized the financial components of the budget and the projected changes during FY 2014 and the next three fiscal years. The following table is a reprint of the summary.

SHBP Projected Financial Summary (FY 2014 – FY 2017)				
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**
a. Revenue	3,113,069,262	3,131,856,194	3,089,026,367	3,060,085,561
b. Baseline Expense	**2,927,444,000**	**3,151,457,000**	**3,417,906,000**	**3,743,943,000**
c. Procurement Savings	(98,230,000)	(281,065,000)	(313,485,000)	(342,783,000)
d. ACA Impacts	40,421,000	114,835,000	154,031,000	156,155,000
e. Medicare Advantage	***32,195,000***	***71,654,000***	***84,821,000***	***100,421,000***
f. Initial Plan Design Changes	(3,525,000)	(44,451,000)	(90,481,000)	(103,823,000)
g. Amended Plan Design Changes	57,000,000	115,000,000	115,000,000	115,000,000
Revised Expense	**2,955,305,000**	**3,127,430,000**	**3,367,792,000**	**3,668,913,000**
h. Net Surplus/(Deficit)	157,764,262	4,426,194	(278,765,633)	(608,827,439)
Prior Year Fund Balance	217,002,261	374,766,523	379,192,717	100,427,084
Reserve Fund Balance	**374,766,523**	**379,192,717**	**100,427,084**	**(508,400,355)**

An explanation of the various components of the projected Financial Summary will assist you in understanding the information that your legislators have an opportunity to review.

- ***a. Revenue:*** DCH has revised the revenue slightly downward in the latest projection supplied by DCH. The adjustment presumably is made partially for the higher enrollment in the "Bronze" option; thereby reducing the amount members pay in premiums.
- ***b. Baseline Expense:*** DCH has projected and revised the expense projected as the "starting point."
- ***c. Procurement Savings:*** DCH with their advisors and Blue Cross Blue Shield project these savings based upon the change from two vendors (UHC and CIGNA) to one vendor (BCBS). Savings are generated from the administrative fee for claims processing (including medical management, prescription drug management, etc.) and for provider network payments.
- ***d. ACA Impacts:*** See the companion article in this newsletter about the Affordable Care Act Cost to the SHBP.
- ***e. Medicare Advantage***: Because of the significant increase in this component, GSRA has requested information about the contract rate between the DCH and Blue Cross and Blue Shield, but has not received the information. A portion of the increased cost may be a projection for an increasing number of retirees over age 65. However, the aging and increased numbers of retirees do not explain the $32.2 million ($71.7 million) increased dollars. We are aware that the ACA reduced funding for the Medicare Advantage Plans beginning in 2011 and the reductions were to increase each year through 2015. Based upon the SHBP Medicare Advantage FY 2013 expense, the increase in the contract rate for January 1, 2014 with Blue Cross Blue Shield is about 30% higher than the rate for CY 2013. Upon clarification of the issue, GSRA will report the information.
- ***f. Initial Plan Design Changes:*** DCH reports savings in benefit cost by increasing the deductibles, out-of-pocket maximums, and prescription drug copays on January 1, 2014. Most of this "savings" is a "cost-shift" to members.
- ***g. Amended Plan Design Changes:*** By adding office copays and changing the prescription drug copays in the Bronze, Silver, and Gold options, DCH projects an increase in benefit cost of $57 million (reported by some articles as $58 million) in FY 2014. The increased cost is being taken from plan reserves. Some news reports indicated that there were additional funds appropriated to the SHBP; however, there were no additional funds added to the plan. In fact, the state department employer contribution rate is reduced from 30.781% to 30.454% in FY 2015 and the planned employer contribution rate increase for the public school employees was eliminated. In short, any increase in the SHBP revenue is a result of employee premium increases rather than increased rate contributions from the employers.
- ***h. Net Surplus:*** DCH projects that the revenue will exceed expense (even after the copay change that was approved on January 27th) by $157.8 million in FY 2014.

The Governor's budget document for FY 2015 also shows an increase in benefit expense of $2.4 million for coverage of treatment for autism spectrum disorders and coverage for children's hearing aids ($.9 million) effective January 1, 2015. GSRA assumes that these costs are imbedded in the baseline expense or subtracted from the projected plan change savings since the DCH summary does not reflect the specific amounts.

Information gleaned from the financial projections presented to the Appropriations Committees show that this is the first time that the information has been publicly presented. The lack of DCH transparency about the SHBP is of concern since those most affected–the members—do not have access to such information. GSRA will continue to work to improve transparency regarding the SHBP.

ACA Costs to the SHBP

DCH reports that the provisions and/or regulations of the Affordable Care Act (ACA) increases cost to the State Health Benefit Plan at $40.4 million and $114.8 million in FY 2014 and FY 2015, respectively. Although the Department of Community Health has over the last several years increased premiums and out-of-pocket cost to shift additional cost to the members, the DCH has repeatedly increased members' premiums since 2010 – the year that the ACA was passed—to compensate for a portion of the ACA related increased cost. The Governor's budget

documents and the DCH presentations to the Appropriations Committees provide a breakdown of the ACA-related costs in FY 2014 and FY 2015. The primary categories for increased cost are for ***additional preventive benefits, Comparative Effectiveness Research fee, Transitional Reinsurance Fees,*** individual ***mandated coverage for new employees, and limitations on DCH's ability to increase members' out-of-pocket cost.***

By way of reflection, SHBP members' premiums were increased in the three previous years (2011, 2012, and 2013) by 14.3% for ACA-related costs. Although DCH has not identified the portion of the 2014 premiums that are ACA-related, the annual percentage increases in member premiums for the last three years are:

- CY 2011 (6.1% premium increases primarily for covering dependents until age 26);
- CY 2012 (6.2% premium increases for increased preventive benefits and elimination of calendar year and lifetime maximum benefits);
- CY 2013 (2% premium increases for increased preventive women's health benefits and payment of $1 per life to the federal govt. for the *Patient-Centered Outcomes Research Institute* fee (PCORI) that was imposed by ACA).

The Governor's budget documents and the DCH presentations show increases in cost of the SHBP during FY 2014, FY 2015 and future years for ACA-related policies. Although the table shows the dollar impact, explanations for the categories follow.

- The ***Patient-Centered Outcomes Research Institute Fee*** (PCORI) in CY 2012 was $1 per covered life and was increased to $2 per covered life in CY 2013. The purpose of the fee is to fund a non-profit Institute to promote the use of evidence-based medicine by disseminating comparative clinical effectiveness research finds.
- The ***Transitional Reinsurance Fee*** (TRF) is required for CY 2014 through CY 2016 and is to be used to stabilize premiums in the individual health insurance market. The fee is front-loaded and requires a $63 fee per life (except for Medicare participants) for 2014 (paid in FY 2015). The fee paid is scheduled to be less in FY 2016 and FY 2017.
- ***Automatic enrollment for new employees*** is required by the ACA; however, the federal Department of Labor (DOL) is expected to issue guidance and an implementation effective date, which is expected to be sometime in 2014 or 2015. The Act provides that all new employees will be automatically enrolled, but must also be given an opportunity to dis-enroll within a specified time.
- ***Limitations on Cost-Sharing*** means the maximum amount of deductibles that a plan can impose before paying for medical services and the maximum annual amount for the member's out-of-pocket costs (deductibles, copayments, and coinsurance) for "essential" medical benefits[1].

The dollar impact for ACA-related increases for the SHBP is reported in the budget documents and presented in table A.

Dollar Impact for Increased ACA Cost Projections – Millions Table A		
	FY 2014	**FY 2015**
Preventive	$ 2.9	$ 3.2
PCORI	.2	.2
TRF		23.7
Automatic enrollment	23.4	50.2
Limitations on cost share		25.8
Other (Unidentified)	13.9	11.7
Total	**$ 40.4**	**$ 114.8**

The 2014 and 2015 "limitations on cost-sharing" for medical services (essential benefits) is shown in Table B. However, for 2014, prescription drug copays are not included in the maximum cost-sharing by the member and in **2015 prescription drug copays must be included in the limitations[2].**

ACA- Limitations on Cost-Sharing Table B		
	CY 2014	CY 2015
Deductibles (Self Only) (all other coverage tiers)	$ 2,000 4,000	2014 amounts Plus medical inflation
OOP Maximum (Self) (all other coverage tiers)	$ 6,350 12,700	2014 amts. Plus medical inflation

[1] Essential benefits are defined by the Affordable Care Act and include most types of services.
[2] Anthem National Accounts (Blue Cross Blue Shield).

The information provided in the budget documents and presentations provide a "peek" at the possible benefit changes for CY 2015 as a result of the ACA-related changes. As shown, the "cost-sharing" for deductibles and maximum out-of-pocket is about at maximum and unless the DOL regulations are changed significantly, you should not have a major increase in out-of-pocket medical costs in 2015 (not premiums). However, GSRA cannot predict proposals that increase members' cost in some way.

President Vickers to Members – We Can Make a Difference

Dear GSRA Members,

2014 started off with a bang! While GSRA had anticipated a somewhat quiet legislative session for 2014, we had not anticipated the grass roots efforts of a new Facebook group referred to as T.R.A.G.I.C. This group is primarily comprised of active Georgia teachers, but it also includes some state employees, and it caused the Governor and the Department of Community Health to reassess the 2014 plan options and change elements that reduce the negative impact on actives and retirees under 65. Although GSRA noted the early efforts of the T.R.A.G.I.C. group in the January Newsletter and distributed an Action Watch lauding their efforts and impact, it is definitely worth mentioning again, **because the influence the group displayed and the positive impacts they have made can be replicated by any group of people that is willing to become actively involved in advocating for themselves.**

GSRA is a small group compared to teacher advocacy organizations in the state. Teachers not only comprise a larger group in Georgia than state employees, but their advocacy organizations are much older, bolder and more established. **What GSRA lacks in size, however, can be more than made up by the active participation of its members.** Unfortunately, what we continue as an organization to see over and over is a propensity for our members to hang back rather than engage on the issues we face, consistently leaving the same small group of retiree volunteers to try and represent their interests to state leadership. When state leadership is faced with thousands of passionate teachers making their case, compared to barely hundreds of state retirees making their case, it's pretty easy to imagine which group will carry more weight and have the better outcome.

As a case in point, GSRA sent an Action Alert on January 14 to the 3,771 members with a currently active email address asking them to contact their legislators and invite them to our most important annual legislative outreach event, the GSRA – GPHSA Legislative Reception. It's important to remember that GSRA uses an online based advocacy system that allows each member to contact his or her legislators with a couple of mouse clicks, something that takes on average about five minutes. Following are the results demonstrating the GSRA member response to this call to action:

2014 Action Alert #1 Results

- 3,771 email Action Alerts sent
- 1,449 opened – 39%
- 2,236 did not open – 61%
- 97 clicked Action Link – 3%
- 39 edited message to legislators – 1%
- 69 sent message to legislators – 2%
- 86 emails bounced back due to invalid email address

By any measure, this is a lackluster membership response. 61% of our membership did not even bother to open the email, much less read it. Of the 39% of members who at least opened the email, only 69 members followed through with actually contacting their legislators. Again, this is an action which, in the advocacy system, typically takes no more than five minutes to do.

The GSRA Board and officers realize and understand that we have members all over the state, some who, because of health or finances or other commitments, simply cannot make it to Atlanta to personally participate in GSRA Day at the Capitol or the GSRA – GPHSA Legislative Reception. **However, all of our members need to read/participate in the organization's activities as best they can rather than "leaving it up to some other person to advocate on their behalf."**

GSRA has stated many times over the last several years that "**For your association to be effective on your behalf, it will take your participation to ensure that happens.**" GSRA is a retiree advocacy organization whose every effort is undertaken by retirees just like you who volunteer thousands of hours of uncompensated time

each year to try and make GSRA a successful active and retired state employee advocacy organization. To do that, GSRA desperately needs all members to step up and participate anywhere they can; by volunteering to participate as officers, board and committee members, by actively participating when GSRA holds events and makes calls to action, or simply by joining a local chapter and attending their meetings.

We all want the same thing – an effective organization that successfully represents our employee and retiree interests to state leadership and the public. If we stand as a group and get involved, we can make a difference!

Local Chapter News

Golden Isles

The Golden Isles local chapter held its first meeting of 2014 on February 6 at First United Methodist Church in Brunswick. The lunch meeting featured homemade Brunswick stew and baked potato soup, with breads and salad. The guest speaker for the meeting was Dr. Karen Hambright, Professor of Psychology, from College of Coastal Georgia. Dr. Hambright addressed the group with an interesting presentation about managing stress as we age. One of her most interesting suggestions for managing stress is to continue to pursue learning, and she mentioned that Georgia residents, age 65 and older, can attend regular university system classes at no cost.

After Dr. Hambright's presentation, chapter President Barry Cooper held a brief business meeting to bring members up to date on the rescheduled GSRA Day activities in Atlanta, the design and content of the revised local chapter brochure, and the schedule and proposed programs for upcoming chapter meetings in 2014. Barry urged members to continue to be active in contacting their legislators about matters of concern to retirees.

Dr. Karen Hambright addresses Golden Isles members

New Members in January

Name	County		Name	County		Name	County
John Abbey	Coweta		William Hitchens, III	Bulloch		Patricia Smith	Wayne
Glenn Bray	Bulloch		Deborah Landers	Fulton		Mike Snow	Walker
Steve Bryan	Gwinnett		Cecilia Lewis	Cobb		Robin Taylor	Camden
Silvia Bunn	Muscogee		Gwendolyn McIntosh	Muscogee		Bonnie Teal	Walton
David Carter	(Florida)		Emajean Moore	Berrien		A. M. Weiss	Fulton
Derita Carter	(Florida)		Donna Porterhouse	Coweta		Barbara Williams	Harris
Aline Eason	Charlton		Susan Roberson	Houston		Tona Wingate	Brantley
Gerald Hayes	Atkinson		Walt Rogers	Tattnall			