

## **Save the Date!** **GSRA 2015 Annual Meeting**

**August 17-18**  
**Coastal Georgia Center**  
**Savannah**

## **2015 Legislative Session Update**

**Crossover Day** (the 30<sup>th</sup> day of a session) has come and gone for the 2015 session. Crossover day means that unless the bill was passed in the originating chamber by this day, it will not receive further consideration during this session. The status (as of March 13<sup>th</sup>) of the bills that GSRA has been actively pushing and or monitoring follows.

**HB 240:** This bill was authored by GSRA and sponsored by Rep. Buzz Brockway (R-Lawrenceville). The bill provided that two members of the Board of Community Health shall be active participants of the Teachers Retirement System and Employees Retirement System (one from each system - one actively employed, one retired), following the expiration of the existing Community Health Board members' terms. It also created a State Health Benefit Plan Customer Advisory Council to the Department of Community Health and the Board of Community Health for the State Health Benefit Plan. The Council would consist of: 12 active and retired SHBP members (7 TRS, 5 ERS and at least 5 of the 12 members from retired members who participate in the health benefit plan), and will require no state funds for council travel expenses. This advisory council would consult with DCH Commissioner and board

on health plan design, alternatives, and funding before they are adopted, and it would assist in educating active and retired employees of retirement systems on plan changes.

After good responses from members to several GSRA Action Alerts, the bill passed out of the House Health and Human Services Committee by Substitute, limiting the number of board appointees to one instead of two, as well as requiring the Advisory Council to meet with the Board prior to adoption of strategies. Unfortunately, the legislation was held in the House Rules Committee, despite the efforts of GSRA, in tandem with our Legislative Liaison team from Nelson, Mullins, Riley & Scarborough LLP, to move it through to the House floor for vote. The team is now looking for suitable "vehicles" such as SB 145 for the HB 240 language. The GSRA team is working hard to regain support (or to at least nullify opposition) from the Governor's office and key legislators. Passage of a bill with the HB 240 language remains top priority for the Legislative Liaison team.

**HB 108/217:** Originally HB 108, now replaced by HB 217, this bill would change O.C.G.A. § 47-20-83 (a) to permit

public retirement funds to invest in mutual funds, commingled funds, collective investment funds, common trusts and group trusts. HB 217 passed the House with minor modification

**HB 269/HB 270:** These bills altered the Employees Retirement System and Teachers Retirement System, respectively, concerning the election of the chairman and director, actuarial services, application of the state system of personnel administration and payment of cost of personnel administration. Both added that the board of trustees for each respective system is to elect, from among its membership, a chairperson, and shall employ a director who shall not be a trustee. Both bills failed in the House.

**HB 383:** This bill would amend O.C.G.A. § 47-20-87 to remove current consumer protections governing large retirement systems authorized to invest in certain alternative investments. This bill was withdrawn from committee consideration by its author and will be dormant for the 2015 session.

**HB 445:** This bill provided for an overhaul of Georgia's tax laws in Titles 48, 36 and 46. In part, it addressed personal income taxation and also provided for a flat rate income tax structure. **It would have substantially increased taxes for almost all ERS retirees.** Fortunately, the bill died in House committee even though it appeared to have the support of the Speaker and the majority leader.

**HR 305:** This bill proposed to amend the Georgia Constitution by arbitrarily limiting the rate of growth in the state budget, basing the growth on changes in the Consumer Price Index and population growth. The General Assembly could only exceed the limitation by a joint resolution to authorize the expenditure of additional funds (requiring a two-thirds vote of both houses of the General Assembly). Such an arbitrary limit of revenue growth would make it very difficult to fund, among other things, active employees' salary COLAs and health insurance cost growth, and make future retirees' COLAs doubtful at best. Fortunately, this resolution died in committee.

**HR 502:** This next disastrous resolution would authorize the General Assembly to provide by general law for the dedication of revenues derived from fees or other assessments to the public for the purpose for which such fees or other assessments were imposed. This resolution was passed out of the Ways and Means Public Finance & Policy sub-committee, but it too died in full committee.

**SB 145:** would amend O.C.G.A. § 31-2-3 to provide that at least one member of the Board of Community Health is also a member of the State Health Benefit Plan. The bill passed the committee and the floor unanimously. It will potentially serve as a vehicle for us to add the advisory council GSRA had advocated through HB 240.

**SB 152:** The so-called "Georgia Teachers Pension and Savings Plan" would establish a GSEPS-type hybrid retirement plan (half defined contribution and half 1% defined-benefit per year) for new TRS members beginning 1/1/17. This legislation also provided for the transfer of membership between the ERS and TRS systems. Other provisions under this legislation included the calculation of disability and death benefits, as well as membership service credits. This bill, being a retirement bill in need of a fiscal note, is on hold until next session when, having received a fiscal note, it will receive further hearing.

GSRA is also actively monitoring bills affecting state government such as **HB 310** which would create a new Board of Community Supervision, the Department of Community Supervision, and the Governor's Office of Transition, Support and Recovery. The probation division and functions of the Department of Corrections and Department of Juvenile Justice would be transferred to the new Board, along with the State Board of Pardons and Paroles that relate to community supervision. The County and Municipal Probation Advisory Council are also transferred. The Board would have 11 members and include the commissioners of Corrections, Juvenile Justice, Human Services, Behavioral Health and Developmental Disabilities, the DFCS Director and the chair of the State Board of Pardons and Paroles, a sheriff, superior court judge, juvenile court judge, mayor or city manager and county commissioner or manager. The Board would develop and implement evidence based practices for management and treatment of probationers and parolees, with the overarching goal of reducing recidivism. A Department of Community Supervision is also created to manage any defendant whose sentence partly includes some form of community probation. The Governor's Office of Transition, Support and Recovery is also created to manage the re-entry services of Corrections, Juvenile Justice and Pardons and Paroles. It will be attached, for administrative purposes to the new Department of Community Supervision. This bill passed the House.

## SHBP Amended FY 2015 Budget Approved

The Senate and House has adopted and forwarded to the Governor the Amended FY 2015 budget for the State. GSRA is pleased that the General Assembly did not agree to eliminate State Health Benefit Plan coverage for the local

school systems' bus drivers and cafeteria workers. Included in the Amended FY 2015 budget act is that portion that was adopted for the SHBP, as follows:

Amended FY 2015 Budget – State Health Benefit Plan	
<b>Budget as approved during the 2014 General Assembly Session</b>	\$3,151,661,641
<b>Increase required for new Hepatitis C Drugs</b>	12,000,000
<b>Place funds in reserves to fund future claims for OPEB liabilities</b>	187,122,496
<b>Cost of limits for the members Out-of-pocket cost – ACA required</b>	5,946,000
<b>Cost (ACA required) for increased enrollment for auto enrollment</b>	3,675,000
<b>Cost of the bariatric surgery pilot program effective 1/1/2015</b>	2,700,000
<b>Savings for the reduction of ACA fees for Transitional Reinsurance Fee</b>	(1,029,000)
<b>Savings from updated projections of medical services utilization and trend</b>	(292,157,041)
<b>Amount appropriated for FY 2015</b>	<b>\$3,069,919,096</b>

In addition to the above amounts, the budget shows \$21,311,585 from SHBP funds for the prorated cost of the Department of Community Health's administrative function. Therefore, the total approved expenditures from SHBP funds is \$3,091,230,681.

Both the House and Senate approved language regarding the public school employees that supports insurance for these employees, primarily bus drivers and lunchroom workers. The appropriations bill states: *Submit a study to the Governor and General Assembly by June 30 2015 that examines why SHBP's costs are higher than*

*other comparable government employee health plans and describe a variety of options for reducing costs without further diminishing the value of health benefits received by members. The General Assembly also find that non-certificated school employees are an essential part of the education delivery system and directs that any such report include an examination of options to provide health benefits to these workers.*

GSRA members should pay particular attention to the study, as it has the potential to create big impacts on SHBP retiree members in the not too distant future.

## House Passed SHBP FY 2016 Budget – Continued Coverage for Bus Drivers/Lunch Room Employees

The House of Representatives made a few changes to Governor Deal's recommendations in the FY 2016 budget for the State Health Benefit Plan. The House disapproved the Governor's recommendation to eliminate SHBP for non-certificated public school employees (bus drivers and cafeteria workers). Two other changes in Governor Deal's recommendations are:

- The Governor's increased funds for treatment of a new Hepatitis C drug at a cost of \$15.4 million was deleted or included in the updated projections of SHBP cost;

- The Governor's recommendation to annualize the cost of the bariatric surgery pilot program at \$5.4 million was reduced to \$3 million.

The most prominent change by the House of Representatives was to vote to "Maintain SHBP coverage for non-certificated public school employees as defined in O.C.G.A 20-2-910." Along with the maintaining the non-certificated public school employees SHBP coverage, the House approved the Board of Community Health's increase in the monthly rate for each covered non-certificate employee. Beginning July 1, 2015, the local systems' monthly cost is to be increased from \$596.20 to \$746.20 per

covered employee. Such increase is projected to produce \$102.8 million in increased revenue to the SHBP during FY 2016.

After the changes, the SHBP budget as passed by the House of Representatives is shown in the table below. You will note that:

1. When the prescription drug copays were included in the out-of-pocket maximum, DCH projected that the claim cost would increase by \$46.5 million.
2. The Affordable Care Act required employers to automatically enroll new employees (who could then decline) in one of the employers' plan options, and also required all persons to have medical coverage effective 1/1/14. The projected increased claim cost is \$14.2 million.
3. Two new benefit expansions were budgeted – hearing aids for children and treatment for autism spectrum disorders. Increased claim cost was projected at \$3.3 million.
4. SHBP savings (reductions in cost) are projected at \$248 million. These stated savings are generally shifted to members or premiums increased to cover the anticipated claim cost.
  - a. The removal of copayments from the HRA options at a savings of \$68 million is partially recouped by increasing member HMO options' premiums for the HMO copays—just another way of shifting cost to members.

- b. Savings of \$175 million for reductions in the cost of benefits (utilization, medical trend, etc.) is mostly a shift in cost to the members – either by members not having needed medical services because of the members' increased deductibles and coinsurance. When members fail to get services, by definition the medical trend is changed.
  - c. The reduction of \$4.9 million is truly a reduction in cost because the Transitional Reinsurance Fee paid to the federal government was reduced in the 2<sup>nd</sup> and 3<sup>rd</sup> years after 2014 implementation (required by ACA).
5. DCH and Governor Deal have proposed a policy of transferring any revenue greater than needed for current year benefits to a trust for retiree future costs, referred to as the Other Post-Employment Benefit (OPEB) liability. In FY 2016, DCH projects that \$115 million can be placed in trust. One should remember, however, that in FY 2009-2010, all of the funds that had been placed in the OPEB trust were used to pay for retiree claims during those two years.

The House FY 2016 Budget is shown in the table on the following page.

<b>House FY 2016 Budget – State Health Benefit Plan</b>	
<b>Budget as approved during the 2014 General Assembly Session</b>	\$3,151,661.641
<b>Increased funds for cost sharing required by ACA</b>	46,470,000
<b>Increased enrollment due to individual mandate and auto-enrollment (new Employees)</b>	14,155,000
<b>Funds for providing hearing aids for children effective 1/1/15</b>	853,980
<b>Funds for pilot program to cover treatment of autism spectrum disorders (1/1/15)</b>	2,410,661
<b>Reduced funds to pay Transitional Reinsurance Fee (ACA)</b>	(4,924,000)
<b>Savings from removing copayments from HRA Options</b>	(68,000,000)
<b>Reductions as a result of updated projections for the cost of benefits (utilization, medical trend, etc.)</b>	(174,853,282)
<b>Increased funds for non-certificate employees</b>	102,825,000
<b>Available fund for future OPEB liability</b>	115,012,114
<b>Annualize cost of the bariatric surgery pilot program</b>	3,000,000
<b>Total</b>	<b>\$3,198,611,114</b>

## Local Chapter News

### Golden Isles

Golden Isles local chapter held a meeting on March 5 at the Brunswick First United Methodist Church. About 25 members attended the lunch meeting and enjoyed a great meal: grilled pork chops, potatoes, 2 casseroles, macaroni salad, brownies & ice cream... Members were very interested in the T.R.A.G.I.C. presentation by Beth Stallings Odom, with input from GSRA member, Jeff Griffith. BJ Sellars delivered the Treasurer's report and a report on the GSRA Day at the Capitol events. Chapter members discussed future meetings and everyone was encouraged to reach out to other retirees and active state employees to join GSRA and the local chapter.

The next chapter meeting is scheduled to be a Spring Social on May 7th (either a "fish fry" or a "hamburger/hot dog cookout" at an outside location (not yet determined).

### West Central/Columbus Area

West Central/Columbus Area local chapter held a meeting on February 17<sup>th</sup>. Current chapter officers provided lunch in honor of past officers. They also presented each past officer with a small gift of appreciation.



West Central/Columbus Area members at their February meeting

## Pension Deduction for GSRA Dues Set to Begin

GSRA volunteers and Employees Retirement System staff have completed the requirements for implementing the deduction of GSRA dues from members' retirement benefit. A few GSRA Board members have agreed to test the process and will have the deduction made from their benefit in March. After the test, GSRA will notify all members of the process and solicit forms for converting to the pension deduction method of paying dues. We hope that many of you will convert to the new process, since ERS is requiring around 25% of members to change to the pension deductions in order to implement.

**What will be deducted?** \$1.67 per month (\$20 / 12 mos. rounded).

**If I "sign-up" now, can I discontinue?** You can discontinue the deduction by notifying GSRA in writing.

**What do I need to do?** Once you receive it, complete and sign a Pension Deduction Authorization form and mail to GSRA.

**Can I have a deduction for my spouse also?** No, unfortunately, you must be an ERS member in order to be eligible for the pension deduction.

**My GSRA membership is already paid until sometime in the future. Do I have to "sign-up" now?** We encourage you to begin "Pension deductions" now although you still have a few months before your membership expires – it will show support for GSRA and cost you only a few dollars.

**What are the advantages?** Convenience for YOU, no more GSRA statements/emails to renew your membership, no disruption in your GSRA membership, easy pay, no bills, and no checks for you to write, and GSRA expenses related to membership maintenance will be reduced.

You are encouraged to "sign up" for the "Pension deduction for GSRA dues."

## DECEMBER/JANUARY/FEBRUARY NEW MEMBERS

Name	County	Name	County	Name	County
<b>December</b>		Pamela Green	Lowndes	Patricia Walker	Bibb
Janice Bullard	Lowndes	Wendell Grover	Ware	Bryant Wilcher	Rockdale
Altha Chambers	Newton	Winifred Higgs	Ware	<b>February</b>	
John Chambers	Newton	Deborah Hopkins	Gwinnett	Ellen Garrard	Floyd
Michael Crowell	(Alabama)	Margaret Kelley	Tift	Lillie Hobbs	Laurens
Brenda Edwards	Colquitt	Brenda Kennedy	Ware	Daniel Holder	Taylor
Cynthia Gunter	Tift	Ed Leysath	Monroe	Grace McCormack	Walton
Jean Powell	Marion	Linda McCranie	Tift	Sidney Shepherd	Bryan
Rose Robinson	Clayton	Russell McQuaig	Coffee		
Mary Smith	Harris	Frances Miller	Fulton		
<b>January</b>		Joyce Provatas	Chatham		
Terry Ball	Dekalb	Pamela Rogers	Cobb		
Jim Bricker	Cherokee	Deborah Sheppard	Dekalb		

### ERS Board Meeting is April 16

The ERS Board meets April 16<sup>th</sup>. The Investment Committee meeting begins at 9:00 AM, and the Board will decide on COLAs for each of the pension funds it administers promptly at 10:00 AM. The Board meeting is open to the public and GSRA members are encouraged to attend. The address is 2 Northside 75 Nw, Ste 300, Atlanta.

### Access Your ERS Account Online

Access your ERS retirement account online to manage your address, beneficiaries, withholdings, etc. You also need to access your ERS account in order to take advantage of the new **ERS More** discount program. Go to [www.ers.ga.gov](http://www.ers.ga.gov) and click the **Account Access** tab on the ERSGA homepage, then double click on the **Account Access** button to register.

### Can We Help?

If you have questions or need help with anything to do with GSRA, please contact [help@mygsra.com](mailto:help@mygsra.com) or call 770-312-2799. We will do our best to help you!

**Endorsed GSRA Benefits**

The Georgia State Retirees Association (GSRA) makes many member only benefits available to its members. GSRA endorses the following member benefits:

- Long Term Care / Home Health Care Policy
- Life Insurance
- Medical Air Services Association (MASA)
- Travel Discounts
- Car Rental Discounts
- Tax-Deferred Annuity
- Cancer Treatment Policy
- Medicare Supplement Insurance
- Identify Theft Protection
- Hotel Discounts
- Computer Discounts

Review your benefits at: [www.myAMBAbenefits.info/gsra](http://www.myAMBAbenefits.info/gsra)



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**Welcome SHBP RETIREES**

**We're back!**  
We are honored and look forward to serving you in 2015!



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