



SHBP FY 2018 Budget—FY 2016 Financials

The Department of Community Health staff presented for approval the FY 2018 budget request for the State Health Benefit Plan to the Board of Community Health

on August 25, 2016. Highlights of the SHBP budget to be submitted to Governor Deal’s Office of Planning and Budget is in the chart following.

State Health Benefit Plan – FY 2018 Budget	
FY 2018 Financial Projections	
Projected Revenue	\$3,199,532,310
Projected Increase Revenue	219,661,664
Budgeted Revenue - FY 2017	\$3,419,193,974
Projected Expenses	\$3,623,422,000
2015 Plan Design Changes	(35,596,000)
2015 Medicare Adv procurement savings	(298,660,720)
2016 Medicare Adv Rates Increase	97,709,720
2017 Medicare Adv Procurement savings	(8,836,000)
2017 Hearing Aid Increase	9,471
Dependent Audit Savings	(27,655,000)
PBM - Rx strategies savings	(42,295,000)
Total Expenses	\$3,297,514,471
Net Surplus/(Deficit)	\$ 121,679,503

Although the FY 2018 budget is projected to have a “Net Surplus” of \$121.7 million, DCH also briefed the Board about the **FY 2019** budget that has a projected “Net Deficit of \$132,921,596.” This deficit will be handled during the next budget cycle.

Financial Audited statements supplied by DCH for the SHBP shows that **FY 2016** closed with a “net” **Surplus of \$433,085,996** for the year. This surplus added to the FY 2015 “Fund Balance” (created since FY 2010) brings the total “Net” Fund Balance to \$1.2 billion.

The financial statements also show that \$414,820,953 and \$64,558,577 were added to assets for the State and School Fiduciary/Retiree (OPEB), trusts respectively. The transfer is intended to reduce the SHBP retiree unfunded liability. State leaders are concerned that at some future date, the unfunded OPEB liability (as of June 30, 2015) of \$3.4 billion for the State and \$10.5 billion for the School Fiduciary Trusts will negatively affect Georgia’s bond rating.

ERS Audit Report – Fairly Reflects Fiduciary Position

The Employees Retirement System contracts with an independent auditing firm to review the ERS financial records annually. The firm, KPMG, presented the findings of the FY 2016 audit report at the October 20, 2016 Board of Trustees meeting. KPMG states that

“In our opinion, the financial statement . . . fairly, in all material respects, reflects the fiduciary net position of the System as of June 30, 2016, and the changes in fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.”

The full report is available on the [ERS Website](#). Chart A provides investment information comparisons for FY 2016 and FY 2015. The comparisons reflect the percentage and dollar amounts for “Asset Allocation” for all of the defined benefit and defined contributions plans administered by the ERS. The Quality Ratings of Fixed Income Investments are required to be of good quality and are listed on page 36 of the report.

Chart A	Investment Dollars by Category (thousands)		Investment % by Category	
	2016	2015	2016	2015
Investments (FMV)				
Domestic obligations				
U.S. Treasuries	\$2,223,199	\$ 1,900,292	13.8%	11.4%
U.S. Agencies	-	10,005		0.1%
Corporate & other bonds	2,257,447	2,382,411	14.1%	14.2%
International Obligations				
Governments	77,266	77,112	0.5%	0.5%
Corporates	174,512	173,609	1.1%	1.0%
Equities				
Domestic	7,673,204	8,150,818	47.8%	48.8%
International	2,332,236	2,754,520	14.5%	16.5%
Private Equity	93,885	51,767	0.6%	0.3%
Mutual funds	5,084	5,271		
Comingled funds (401k & 457)	1,220,985	1,198,895	7.6%	7.2%
Totals	\$ 16,057,818	\$ 16,704,700	100.0%	100.0%

Investment Distribution by Plan Type

ERS Defined Pension	\$ 12,324,526
Other ERS Defined Pension	1,255,173
Defined Benefit OPEB	1,390,267
Total Defined Benefit Plans	\$ 14,969,966
DCP, 401(k) and 457 plans	1,087,852

Notes: (1) ERS is the largest of the nine different defined benefit Plans administered by the ERS.

(2) DCP is the Defined Contribution Plan administered by the ERS, primarily for part-time employees.

(3) Georgia Employee Pension and Savings (GSEPS) investments are primarily included in the 401(k) plan.

(4) Financial Statements show that 98% of the assets is invested; 2% cash and other.

(5) The net position of the System decreased by 3.4% from \$17.0 billion at June 30 2015 to \$16.4 billion at June 30, 2016. The decrease was primarily due to net disbursements exceeding investment returns.

The audit report also shows the membership in the ERS as of June 30, 2016 as:

Active population	59,766
Retiree/beneficiaries	48,449

Since the GSEPS retirement plan was implemented in 2009, many of the current active employees no longer participate in the ERS “Old” or “New” plans. Director Jim Potvin reported to the Board that as of September 2016 active population, 29,402 (+/-49%) are members of GSEPS with 26,277 deferring a percentage of salary in the defined contribution (401k) portion of GSEPS. The contribution rates into the 401(k) are compared for the last year

	Sept 2015	July 2016	Sept 2016
0%	9.5%	10.3%	10.6%
1%	30.4%	21.6%	20.3%
2% - 4%	9.7%	9.6%	9.3%
5%	42.7%	48.9%	50.4%
6% - 8%	4.0%	5.3%	5.0%
>8%	3.7%	4.4%	4.3%
Monthly Opt-Out Rate	4.7%	4.7%	5.9%

2017 Session/GSRA Day at the Capitol Coming Up!

As our thoughts turn to the upcoming holiday season, GSRA members should also take note of the next important events on the GSRA calendar, *2017 GSRA Day at the Capitol* and the *2017 GSRA-GPHSA Legislative Reception*. Both events are scheduled for Wednesday, February 1st on Capitol Hill.

As in years past, the focus for *2017 GSRA Day at the Capitol* is to get as many members as possible from around the state to converge at the State Capitol in order to make our voices heard to members of the General Assembly. We want to build on the very positive momentum carried over from GSRA successes in 2016 and provide our representatives and senators with information about our concerns and our goals as State of Georgia retired employees and educators in 2017. Members who have attended before can attest to the impression we make as a large, vocal group when we call on legislators and show up to relevant committee meetings that day. To cap off our day, we unite with our sister organization, Georgia Professional Human Services Association, to provide a thank you reception for our legislators, the *GSRA-GPHSA Legislative Reception*. Here, in a more convivial setting, we can socialize with our elected officials and continue our discussions around retiree needs and concerns. Here also, we take the opportunity to publicly thank our legislators/officials of the year with awards ceremonies by both organizations. Based on the feedback we have received over the years, legislators particularly like the opportunity to socialize with their actual constituents at the reception.

The official announcement and details of both events will be emailed/mailed soon and include instructions for registering, details about GSRA’s 2017 legislative goals, lodging, parking, directions, etc., all the information you need to make both events your best ever. Please mark your calendars now and make plans to join us in Atlanta on February 1st for these events.

In addition to the planned GSRA events, the 2017 Legislative Session is growing close. All of us, including those of us who won’t be able to make the GSRA Day events, need to watch for and respond to GSRA Action Watches and Alerts, which will begin coming out soon. As a reminder, as with last year’s Action Alerts, GSRA will not be providing boiler plate language for members to use in their communications to legislators. The legislators who presented to us at the Annual Meeting could not have been any clearer as to their opinions on receiving multiple messages from constituents that say exactly the same thing. They don’t like them, and frequently such communications receive a much lower priority by their offices. You can be sure that we will ensure that you understand our position on any item for which we have sent an Action Alert and asked you to contact your legislators. This will allow you to construct your communication in your own words, something that legislators have said they really appreciate.

Based on a highly successful 2016 for GSRA and State of Georgia employees, educators and retirees, we are optimistic about the outlook for 2017. Please resolve now

to join us in Atlanta on February 1st and be a part of our communications to legislators in 2017, both at the events and before/during the session.



Kip's View: Happy Thanksgiving!

Here's wishing you all a very Happy Thanksgiving! We have a lot to be thankful for after our successes in last year's legislative session. Between now and Christmas I would like to ask each of you to help us help you by increasing our membership and by contacting your legislators, thanking them for their support this past year and telling them you'll be letting them know very soon how they can help state retirees in the coming year.

Please focus on trying to get at least three new members

before January. If each of us does this our ranks will grow threefold and our message be better received and heard more forcefully if we have more members out there upon whom we can call. Our plan for the next session will be sent to you soon.

Thank you for all that you've done in the past and I look forward to working with you again this year.

Kip

Local Chapter News

Northeast Metro

The Northeast Metro Chapter held its fall meeting on November 3, 2016 at the Bethesda Senior Center in Lawrenceville, Georgia. Keith Nabb, President of Affordable Medicare Solutions, was the first speaker on the agenda and was a hit with the group, holding everyone's interest throughout his presentation on Medicare. He was kind enough to take the time to continue answering questions on an individual basis during the break. GSRA President Kip Mann gave a presentation on the organization's goals and strategies for the coming year and the need for individual members to be involved in contacting legislators and boosting membership, both of which are important for accomplishing those goals. All in all, feedback from members indicated that it was quite a beneficial and interesting meeting. In addition, officers were elected for the coming year: President, Janet Blackmon; Secretary, Margie McBryar; and Treasurer, Darrell Thompson.



Keith Nabb, Affordable Medicare Solutions, addresses NE Metro

AM Workshop Evaluation Drawing

GSRA drew one lucky winner from all the workshop evaluations turned in at the Annual Meeting. Louise Prescott won a one year GSRA membership.



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Endorsed 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
- Identity Theft Protection
- Hotel Discounts
- Computer Discounts

Review your benefits at: www.myAMBAbenefits.info/gsra

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*2015 UnitedHealthcare Customer Experience Survey scores for Group Medicare Advantage plan members. Plans are insured through UnitedHealthcare Insurance Company or one of its affiliated companies, a Medicare Advantage organization with a Medicare contract. Enrollment in the plan depends on the plan's contract renewal with Medicare.

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