

USG Retiree Council
May 21, 2015
Middle Georgia State College
212 Professional Science Center
10:00 am—2:00 pm

AGENDA

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| I. | Welcome | Linda Noble |
| II. | Introductions | |
| III. | Medicare Eligible Retiree Healthcare: Update on Campus Visits | Marion Fedrick
Karin Elliott |
| IV. | Update on May 19, 2015 Board Presentation and Actions Regarding Medicare Eligible Retiree Healthcare Strategy | Marion Fedrick
Karin Elliott |
| V. | Discussion of and Voting on DRAFT 7 of the Resolution Concerning University System of Georgia Retiree Healthcare Strategy (5/17/2015) (working lunch) | Dorothy Zinsmeister |
| VI. | Issues for Consideration | Dorothy Zinsmeister |
| VII. | Next USGRC Meeting—Month and Location to be Determined | |
| VIII. | Other Business | |

MINUTES
USG Retiree Council
May 21, 2015
Middle Georgia State College

- I. The meeting was convened at 10:07 AM by Council Chair Dorothy Zinsmeister.

Christopher Blake – President of Middle Georgia State College welcomed the group to the campus. He commented on the value of the USG Retiree Council, especially its collective wisdom and knowledge. He wished the Council success as we move forward.

- II. Those in attendance introduced themselves.

Dorothy provided an Overview and Comments on Status and History of Resolution. It was noted that the Council had tabled the resolution in March until after campus visits could be made.

Since March, the Executive Committee has had several conference calls and a face-to-face meeting in Atlanta at USG Offices, and drafted a Substitute Resolution (Draft 6). Feedback on Draft 6 from USGRC members resulted in Draft 7, which will be discussed and voted on today.

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| III. Medicare Eligible Retiree Healthcare: Update on
Campus Visits | Marion Fedrick
Karin Elliott |
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Campus meetings went well. Karin Elliott and Team did all visits. Questions that can be answered will be addressed in FAQs on the USG website. AON Hewitt was present to share information at some of the institutions. Meetings will begin in September when it is time to begin enrollment and transition. Marion Fedrick found the meetings very good in helping transition and share information. Karin indicated that the campus meetings were very well attended. Received good feedback. The System Office heard concerns and are working on FAQs and will share soon. Currently have approximately 30 volunteers to review materials, such as transition guide. Concerns were expressed about how premiums will be paid.

Questions:

Brahm Verma, UGA – when will FAQs be available?

Marion: FAQs will be distributed on USG website. Marion asked how to better distribute. Much of the heavy lifting is done by institutions.

Discussion:

Barbara Morgan AMSC – suggested a System listserv

Dennis Marks, VSU – campus visit issue on treatment of family members.

Marion: if all of family not Medicare eligible, can have one joint account or individual HRA accounts.

Marion: she can share some additional info BUT we cannot share it until given okay to do so – trust. Things that are not finalized cannot be shared prematurely.

Brenda Davis from GSW – had excellent attendance at retiree meeting. Meetings seemed to be helpful.

Barbara Price, GSO – comments and group agreed to maintain confidentiality

Brahm Verma – Comment on large number of UGA retirees and communication

Dorothy Z– effective communication is an issue that is high on her list.

Brahm Verma – asked that Marion let us know when information is not ready for wider distribution.

Anne Richards, UWG – asked that it be clear what not to share

Terry Norris, Columbus, asked that Council have good interaction and be asked for feedback. Said reasonable to expect us to maintain confidentiality.

Dorothy Zinsmeister question – asked about volunteers reviewing materials. Asked if Council is willing to assist in review. Those not interested can opt out or just not respond. Group, by acknowledgement, agreed to do it.

Brahm Verma commented that we agreed – when we agreed to be on USG Retiree Council.

Martha Wicker, Clayton, said there were folks on her campus who would like to volunteer.

Carl McDonald – commented that as a retiree rep he has a responsibility to share info, etc. The number of versions of the resolution made sharing difficult.

Martha Wicker – sent to others and surveyed.

Barbara Price – noted she had also done so via Qualtrics

Linda Noble stated that she hoped that the Council will evolve into a two-way communication group – her vision.

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| <p>IV. Update on May 19, 2015 Board Presentation and
Actions Regarding Medicare Eligible Retiree
Healthcare Strategy</p> | <p>Marion Fedrick</p> |
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Slides – see attached (BOR May 19, 2015 Meeting Presentation)

CY 2014 USG Healthcare Plan Performance and CY 2015 Expected Plan Performance was discussed, as well as CY 2016 Projected Plan Cost for Active Employees and pre-65 retirees.

Medicare Eligible Retirees – Objectives and Proven Strategy

OPEB (Other Post Employment Benefit) liability includes healthcare and life insurance.

OPEB liability increasing (\$1.843B as of FY14)

Important to Note:

- a. Secondary Coverage, Medicare is primary
- b. Retirees will have assistance i.e. Benefit Advisors and one-on-one telephone meetings
- c. BOR will continue to provide funds to cover a significant portion of the premium
- d. HR Departments will continue to actively participate

Barbara Price – asked if can change plans within exchange each year. Answer was yes, just like in Open Enrollment.

Brahm Verma asked about “significant portion” -- Marion discussed – range of possibilities.

Kathy Martin, UNG, – what happens to any money left at end of year in HRA. Karin Elliott said will try to develop comparison examples analysis.

Terry Norris was impressed with explained analysis comparing categories of retirees from healthy to acute. Also asked about pharmaceuticals – will be available.

Barbara Price asked will funds to HRA vary based on whether just retiree or retiree plus spouse. Yes, every retiree will get same subsidy – and others will also get a subsidy, at some level, is already on plan.

Barbara Morgan, AMSC, asked if folks will get a worksheet to help guide choice. Yes, enrollment package will include planning materials. Packet will be mailed to retirees in September.

Brenda Davis, GSW – how many carriers will be on AON Hewitt marketplace? Answer: expect approximately 30 per county. Benefits Advisor will help narrow down options.

Brenda says retirees would like to retain current level of coverage.

Missy Cody, GSU, wants to clarify it is really good to have by county. Asked if also have international coverage. Marion says yes – Also, Missy asked if can use HRA for co-pay. Marion said yes – if available.

Linda Noble asked if possible for AON Hewitt to narrow options down. Yes, can but many more options are available.

Dorothy Zinsmeister asked – what if retirees move out-of-state – can opt for a plan available in their location.

Brahm Verma asked can HRA be used to purchase insurance or pay expenses if out-of-country. Anne Richard asked if can use HRA to purchase insurance outside AON Hewitt. Marion/Karin said this was still under review.

Kathy Martin – asked if new or soon-to-be retirees should also be guided to AON Hewitt. Yes, contracted for a year and may be longer term.

Martha Wicker, Clayton, asked if can use joint account for spouse if in joint account.

Brahm Verma asked how HR involved – Marion said involvement depends on campus.

Marion said HR is trying to ID retirees not able to enroll on own and do not have someone to help. For those, will try to continue enrollment somehow.

Dorothy Zinsmeister asked if currently enrolled BUT do not enroll in 2015, cannot enroll later. Marion said yes – but will try to make clear.

Marion—the objective is USG Retirees will be cost neutral or save in total expenditure. Marion said over summer will decide on amount of the contribution and will be presented to BOR at August meeting.

Marion--Enrollment meetings will again be held on the campuses in August and September, and Open Enrollment will be extended– Oct 1 through Dec 31.

Marion said slide presentation will be posted on USG System Site on HR Retiree Area. Dorothy Zinsmeister noted that she represented USG Retiree Council at Total Rewards Meeting. Council has a seat on that committee.

LUNCH BREAK – 12:10 PM – 12:40 PM

V. Discussion of and Voting on DRAFT 7 of the
Resolution Concerning University System of Georgia
Retiree Healthcare Strategy (5/17/2015)

Dennis Marks gave an overview of process since initial Resolution was proposed. Council and Chancellor's Office have collaborated in development of the substitute Council Resolution. The original resolution came from Valdosta State. The Retiree Association at VSU has been in existence approximately 10 years and meets monthly to discuss issues and news.

Draft 1 was offered in February 2015 for March meeting. It had evolved to Draft 3 by March; however, ExCom asked to defer until after the campus meetings. Draft 6 was shared with Council using feedback from meetings, retirees, and system office. Further feedback resulted in Draft 7.

John Derden supported original but finds this far superior.

Brahm Verma asked where/to whom resolution will be given. It will go to our liaisons, Linda Noble and Marion Fedrick.

Discussion was open and informative. Dennis Marks fielded questions.

Several questions were asked – and discussion followed.

Carl McDonald – feels resolution is not really necessary, but Dennis feels would not be fair to retirees to not follow through

Martha Wicker – very positive comments, feels better than original

Missy Cody asked to discuss whereas statements

- a. Requested dropping whereas #4 “deferred compensation” and replacing it with OPEB (accepted as friendly amendment)
- b. DZ suggested whereas #7 – change “do not” to “may not” have expertise.
- c. Ray Chambers also asked about deleting whereas # 3 (accepted as a friendly amendment)
- d. Brahm Verma suggested replace “a comparable” to “the comparable” in Recommendation 2.

- e. Discussion that recommendations do not address cost – added a phrase to recommendation 1 of “at a cost that does not place a greater financial burden on them.”

Draft 7 as amended approved unanimously.

Brenda Davis asked about the retirees who enrolled in Medicare Part B between January and March of this year. Karin said that USG will cover the penalty for this group in perpetuity. System talked with CMS to enable the payment of the penalty. Medicare Part B as secondary coverage becomes effective for this group July 1. For that small group not yet found, the system will help cover them and are not harmed.

VI. Issues for Consideration

Dorothy Zinsmeister

1. Creation of a registry of retirees willing to offer services to another institution.
2. Assist in forming retiree organizations at institutions that do not have them.
Dorothy discussed the KSU Retiree Group which is tied to the university.
3. Barbara Price noted the survey done by Georgia Southern HR on other organizations in the USG. She will try to acquire and share with the Council.
4. Asked for volunteers to serve on the Faculty and Staff Councils

Pat Wilkins, GCSU, volunteered to attend Staff Council. Martha Wicker, Clayton, agreed to be a back-up

Anne Richards, UWG, agreed to attend Faculty Council

5. Methods of Communicating

VII. Next USGRC Meeting

September at Georgia Perimeter --- as agreed at last meeting. Will verify with GPC.

Adjourned at 2:10 PM

USGRC Meeting, May 21, 2015, Middle Georgia State College

Attendees

Abraham Baldwin Agricultural College	Patsy Hembree via telephone
Albany State University	
Armstrong State University	
Atlanta Metropolitan State College	Barbara Morgan
Bainbridge State College	Ray Chambers
Clayton State University	Martha Wicker
College of Coastal Georgia	Ann Crowther via telephone
Columbus State University	Terry Norris
Dalton State College	Michael Jordan via telephone
Darton State College	
East Georgia State College	John Derden
Fort Valley State University	Verbret Moore for Tricia Addison
Georgia College & State University	Pat Wilkins
Georgia Gwinnett College	
Georgia Regents University	Dave Lapp
Georgia Highlands College	
Georgia Institute of Technology	
Georgia Perimeter College	
Georgia Southern University	Barbara Price
Georgia Southwestern State University	Brenda Davis for Richard

	Baringer
Georgia State University	Missy Cody
Gordon State College	
Kennesaw State University	Dorothy Zinsmeister
Middle Georgia State College	
Savannah State University	
South Georgia State College	Carl McDonald
University of Georgia	Brahm Verma
University of North Georgia	Kathy Martin
University of West Georgia	Anne Richards for Glenn Novak
Valdosta State University	Dennis Marks
Faculty Council Representative	Robert Marsh
Staff Council Representative	Tim Aldridge
USG Staff	Linda Noble
USG Staff	Marion Fedrick
USG Staff	Teresa Joyce
USG Staff	Karin Elliott



USG Healthcare Plan Update

Committee on Personnel and Benefits

Marion Fedrick

Vice Chancellor for Human Resources

May 19, 2015



Topics of Discussion

- CY 2014 USG Healthcare Plan Performance
- CY 2015 Expected Plan Performance
- CY 2016 Projected Plan Cost
 - Active employees and pre-65 retirees
 - Potential Plan Changes
 - Medicare Eligible Retiree Healthcare



CY 2014 Plan Performance

- 2014 Calendar Year
 - Changes made in 2014 to address projected cost increase
 - Costs ran over projected budget approx. \$15.8M
 - Affordable Care Act (ACA) impacts:
 - 6% enrollment increase
 - additional fees
 - Higher than expected claims experience



CY2015 Expected Plan Performance

2015 Calendar Year – Projected \$534M

- 2015 spend based on 2014 projected end of year experience and trend
- Costs running within budget
- 2015 plan changes having a positive impact
- Update cost projections in August



CY2016 Projected Plan Cost

Active employees and pre-65 retirees

- Projected increase of 8.2% in plan costs
- Updated financial projections completed in August
- Board to approve premiums in August
- Historical USG Healthcare plan premium increases*

Year	2011	2012	2013	2014	2015
Average increase over prior year with plan changes	9.7%	5.2%	5.4%	0%	10.9%

**BCBSGA self-insured plans only*



CY2016 Projected Plan Cost Potential Plan Changes

- 2015 -2016 Stabilizing years
 - Assess new vendors and/or contracts for 2015
 - Evaluate new plans and programs implemented in 2015
 - Continue move to defined contribution pricing model
- Pharmacy Education
 - Address increases in spend - \$162.9M – 19% inc. 2013-2014
 - Generic
 - Mail Order
- New care management tools & wellness



CY2016 Projected Plan Cost Medicare Eligible Retirees

Objectives

- New plan approved in 2013
 - Rising retiree healthcare costs – avg. annual increase 9%
 - OPEB liability increasing (\$1.843B as of FY14)
 - Committed to providing retiree benefit

Proven Strategy

- Provide Medicare eligible retirees benefit through a private marketplace



CY2016 Projected Plan Cost Medicare Eligible Retirees

Important To Note

- Secondary coverage (20%); Medicare is primary (80%)
- Retirees will continue to have secondary coverage
- Retirees will have assistance; will not select plans alone
 - Benefit Advisors (licensed benefit brokers)
 - One-on-one telephonic meetings with retiree & family
- The BOR will continue to provide funds to cover a significant portion of the premium
- HR Departments will continue to actively participate



CY2016 Projected Plan Cost Medicare Eligible Retirees

Developing Recommendations for August BOR Meeting

- Evaluating the marketplace in 2015
- Ensure that retirees are treated fairly
 - Encourage retirees not to over insure
 - Evaluate service provided by Advisors
- Determining the USG Contribution
 - Objective: USG Retirees will be neutral or save in total spend



CY2016 Communications Medicare Eligible Retirees

- Information meetings were held at all 30 institutions
- Enrollment meetings in August and September
- One-on-one telephonic sessions
- Extended Open Enrollment – Oct. 1 thru Dec. 31
- USG Retiree Advisory Council
 - Communications
 - On-going retiree engagement



Questions?

**Resolution Concerning
University System of Georgia
Retiree Healthcare Strategy**

Whereas the University System of Georgia has, over the years, provided compensation for services rendered, including salary and an employer share of healthcare benefits, retirement benefits, and benefits into retirement;

Whereas Board of Regents Policy 8.2.9.4 provides for benefits continuation into retirement;

Whereas a retiree healthcare benefit is a post-employment benefit for services already rendered;

Whereas the Board of Regents has approved a multi-year strategy for reducing retiree healthcare costs;

Whereas that strategy includes replacing the current **defined benefit** of health care insurance with a **defined contribution** to a Healthcare Reimbursement Account (HRA) that retirees will use to purchase coverage through a private healthcare exchange;

Whereas many individual retirees may not have the expertise to understand the process needed to transition into the healthcare system and to evaluate numerous competing insurance options;

Whereas a defined contribution plan places a potentially greater financial burden of rising healthcare costs on the retiree;

Whereas the University System of Georgia has made no commitment as of now to the amount it will contribute to the Defined Contribution Healthcare Reimbursement Account;

Therefore be it resolved that the University System of Georgia Retiree Council respectfully recommends that

1. the University System of Georgia continue to provide, in the coming years, a level of healthcare coverage comparable to, or better than, what retirees and family members currently have at a cost that does not place a greater financial burden on them;
2. the University System of Georgia monitor future healthcare costs for the USG and for retired employees and family members, and periodically survey the level of retiree satisfaction with healthcare options provided, for the purpose of improving future options, and, when needed, make all necessary adjustments in order to ensure that retirees and family members continue to receive the comparable level of coverage; and
3. the Chancellor and the staff in the Chancellor's office regularly engage the USG Retiree Council, representing retirees throughout the University System, in meaningful and productive dialogues aimed at formulating mutually agreeable strategies to promote and foster the welfare of USG retirees and of the University System of Georgia.