

**UNIVERSITY SYSTEM OF GEORGIA RETIREE COUNCIL (USGRC) MEETING**

**October 21, 2016**

**Middle Georgia State University**

**Professional Science Center, Room 212**

**10:00 am - 2:00 pm**

**MINUTES**

**ATTENDANCE:**

*Presiding:* Dennis Marks (Valdosta State University, USGRC Chair)

*USGRC Unit Representatives Present:* Richard Baringer (Georgia Southwestern State University), Jim Braun (Clayton State University), Mitch Clifton (University of West Georgia), Missy Cody (Georgia State University, USGRC Chair-Elect), Sara Connor (Armstrong State University), Jim Cottingham (South Georgia State College - via phone), Mark Eason (University of Georgia, non-voting alternate), John Hamilton (College of Coastal Georgia, non-voting alternate), Mary Mitchell Jones (College of Coastal Georgia), Bob Kelly (Middle Georgia State University), David Lapp (Augusta University), Tom Lauth (University of Georgia), Connie Leggett (Albany State University - via phone), Judy Malachowski (Georgia College & State University), Bob McDonough (Perimeter College of Georgia State University), Gene Murkison (Georgia Southern University), Barbara Morgan (Atlanta Metropolitan State College), Len Parsons (non-voting alternate), Julia Perkins (Kennesaw State University, non-voting alternate), Gwendolyn Reeves (Fort Valley State University), Anne Richards (University of West Georgia, non-voting alternate), Andy Smith (Georgia Institute of Technology, voting representative), George Stanton (Columbus State University), Kathy Tomajko (Georgia Institute of Technology, non-voting alternate), Ken Weatherman (Georgia Highlands College), Martha Wicker (Clayton State University, non-voting alternate), Dorothy Zinsmeister (Kennesaw State University, USGRC Past Chair).

*USG Central Representatives Present:* Karin Elliott (Associate Vice Chancellor for Total Rewards), Linda Noble (Vice Chancellor for Academic Affairs), Marti Venn (Deputy Chancellor, Academic Affairs)

*USGRC Unit Representatives Absent:* Ray Chambers (USGRC Secretary, Bainbridge State College), Joan Darden (Darton State College), Sherm Day (University of North Georgia), John Derden (East Georgia State College), Patsy Hembree (Abraham Baldwin Agricultural College), John Hutcheson (Dalton State College), Victoria Johnson (Georgia Gwinnett College), Ed Wheeler (Gordon State College),

*No Representative Appointed:* Savannah State University

**AGENDA:**

- I. Dennis Marks (chair) welcomed in-person and phone attendees and called this 5th meeting of the USGRC to order at 10:00 a.m. Attendees are listed in the attendance roster.
- II. Minutes for the March 4, 2016, meeting were distributed in advance. They were approved by voice vote with a single correction on page 4: ""If you want to stay in the plan that you are in for

2015 and that plan is still available, you will not have to go through a re-enrollment process." 2015 was changed to 2016.

- III. Report from the Total Rewards Steering Committee (TRSC) [Karin Elliott]  
Dennis Marks introduced Karin and thanked her publically for being "simply wonderful" to work with, getting information out to retirees, and responding so supportively to questions retirees had. He also thanked our about-to-be-retired Chancellor, Hank Huckaby for all his support for the USGRC.

Karin distributed a handout, *Total Rewards Steering Committee Structure* (Attachment A).

Although the TRSC had largely focused on healthcare changes, its focus is much broader, including all compensation and benefit programs. The earlier committee was largely composed of individuals with healthcare expertise, but now the TRSC has approved a new structure to include a smaller core committee and subcommittees that are focused on specific areas of Total Rewards (well-being, data analytics, voluntary benefits, innovative healthcare delivery, compensation, retirement and healthcare strategies). The TRSC's job is to make recommendations to the USG HR Office for total rewards, insuring due diligence, thoughtful analysis and fiscally responsible programs that will be competitive for recruiting and retaining faculty and staff. The first meeting of the core committee for the next planning year (2018) will be in January 2017. The committee is chaired by Max Burns (President, Gordon State College). The committee members are selected for their content expertise and do not represent constituent groups; the USG Faculty, Staff and Retiree Councils are not represented on the TRSC. The TRSC meetings are not open because of the medical and pharmacological data that are examined; members are asked not to discuss the data outside of the committee meetings. Dorothy Zinsmeister (former chair of USGRC) has represented retirees on the TRSC, but she was voted off as a part of the reorganization.

USGRC questions and comments (italics) with USG responses and comments (plain text):

- *It doesn't make sense not to have retiree representation because our rewards are different from those of active employees. Other committee members are active faculty and staff members. The one retiree on the committee was on the committee before she retired and does not represent retirees.*
- *Although TRSC has said that a retiree representative would be invited to attend meetings where discussion of retiree issues are on the agenda, this does not really cover retiree benefits. Issues can come up at meetings that involve retirees, even when they are not foreseen on the agenda. Also, retirees may want to put items on the agenda.*
- *Could a retiree be a non-voting member of the TRSC?*

USG-HR can work closely with Dennis so that the TRSC can address retiree issues. In structuring the TRSC the decision was to include all of the different groups asking for a position on the committee or none of them. TRSC decided on none, largely based on logistics. Karin will take this discussion back to the TRSC to let them know of the USGRC concerns. There is not a website for the TRSC, but they will post meeting dates for the committee.

- IV. Medicare-Eligible Retiree Healthcare [Since Marion Fedrick (Vice Chancellor, Board of Regents, USG) could not be in attendance at the meeting, Karin covered the material that Marion would have covered.]

*New Hire Retiree Healthcare - approved by the BOR on October 9, 2012*

For employees hired on or after January 1, 2013, the employer contribution for healthcare in retirement will be based on years of service in the USG. It will be based on a sliding scale that goes down from 30 years of service. USG will recognize former state service in the State of Georgia, but not in other states. The USG will not recognize federal employment, including military duty.

USGRC questions and comments (italics) with USG responses and comments (plain text):

- *Does this mean that other agencies will not be paying for healthcare costs? Will some State retirees have two healthcare benefits?* A retiree will have only one healthcare benefit. For example, if a school principal works for the state for 25 years and then goes to work for 5 years at an institution in the USG, the former years will count as state service, and the retiree healthcare benefit will be through USG.
- *This is part of an earlier attempt by the USG to put a cap on healthcare costs. Healthcare used to be a defined benefit. The USG paid about 70% of the cost and the individual employee paid about 30%. Then the USG said when you come into the retiree system, you'll have full benefits if you're here 30 years, and less if you haven't got 30 years. Then they moved from a defined benefit to a defined contribution plan. Because employees are on this sliding scale, that same scale will be applied to the amount we get in the HRA. If you have 15 years credit, you only get 1/2 of the full HRA. The USG wants to have it both ways. Those who have fewer years in the system will be penalized. So there's an ambiguity about whether this is a percentage matter where there is not the same administrative effort to look at us in terms of when we left the system. There's no individualized attempt to maintain early employees' benefit levels or to increase benefit levels for those with more than 30 years of service. Our HRA for 2017-2018 is the same as for 2016-2017. But our premiums are going up. So we're no longer guaranteed the same percentage of benefits we now have. In the future, employees will be held to the percentage of the subsidy that matches their years of service. We're talking about a percentage of the benefit of \$2736. If you have 30 years of service, you'll get the full \$2736. If you had only 10 years of service, you will get a lesser percentage. The HRA is not a % of benefit. The HRA will be established each year. The New Hire Retiree Healthcare statement is based on % current HRA, not a percentage of healthcare costs. The active employees now have a standard subsidy. We will subsidize at lower rates for current employees. It's not 70/30 any more. Prior to this policy, whether you had 10 or 15 years, you got the same health benefit.*
- *What are other states doing? What about service in other state systems? What if you teach at the University of Alabama for 25 years and come to the USG for 5 years. Does the USG just count your years of service in Georgia?* Other states are making changes, but I don't have specifics. USG only counts your years of service in Georgia. To put this in perspective, some private higher education institutions have gotten rid of benefits for retirees altogether.
- *Is this sliding scale in five-year increments?* No, it's set up on an annual basis. We will have to revisit the defined contribution.
- *Would re-hiring faculty restart their clock, i.e., cause them to come under this new rule?* No. They would be under their original time.

*BOR presentation on Retiree Healthcare Coverage*

- a. Retiree healthcare benefit
  - i. 2017 employer contribution (HRA): \$2,736 (same as 2016)

- ii. Exchange premiums will increase by approximately 1-7%
- iii. USG will continue to provide catastrophic drug coverage to help retirees with very expensive drug costs
- iv. Other insurance changes for USG insurance (not through Aon): dental premium increases by 1.7%; vision and life insurance premiums are not changing
- v. If the retiree spouse is also a retiree the spouse is entitled to only one HRA.

USGRC questions and comments (*italics*) with USG responses and comments (plain text):

- *The HRA is not changing, but costs are increasing. You cannot keep up dollar for dollar; you wouldn't meet goals. It is not reassuring to know that costs increase and the HRA does not. Once you have paid for Medicare, nothing is left of the HRA. We want to be sure that retirees are protected, but we won't pay all increases.*
- *If the drugs retirees are prescribed are not in any formularies, does any of the money that they pay get reimbursed through the catastrophic HRA?* They must go through Part D tiers through insurance to get this coverage. When retirees reach this stage they will get a letter in the mail from their Plan D insurance carrier. They will need to provide a copy to Aon to receive the coverage. If you buy a plan outside of Aon, you will still need to notify Aon.
- *Everyone should check policies each year. Policies change.*

b. TRSC concerned about managing healthcare costs

- i. Provide education on plan benefits and less costly options
- ii. Increase wellness programming and education
- iii. Need to control pharmacy costs, which will likely become 50% of healthcare costs in the future (17% increase from 2015 → 2016 and 13% increase projected for 2016 → 2017)
- iv. Active employees (and retirees who are not Medicare-eligible) now on defined contributions for employer subsidy (2017); subsidy is the same for all plans (except Kaiser HMO is slightly lower)
  - 1. Increased deductible for high deductible plan (\$1500 → \$2000)
  - 2. Increased specialty visit and emergency room co-pays for the Bluechoice HMO
  - 3. Decreased employer contribution for dependent coverage

USGRC questions and comments (*italics*) with USG responses and comments (plain text):

- *Are they thinking about doing this [decreasing contributions for dependents] for retirees?* We have not talked about this for retirees. If we did, retirees would get more than their dependents, but we believe retirees have already gone through enough.

c. Current trends in healthcare increases

- i. Overall increase in US is ~8%/year
- ii. 2015-2016: 6.5% overall with USG 3.0%
- iii. 2016-2017 (projected): 6.5% overall with USG 2.6%
- iv. USG employer cost for healthcare: 2015 (\$397.5M), 2016 projected (409.9M), and 2017 projected (\$420.6M)
- v. BOR did not get the \$11M required to fund these increases, so campuses will have to fund

USGRC questions and comments (*italics*) with USG responses and comments (plain text):

- *Have you calculated the increase in employee costs of these changes?* Yes, but we do not have the data here. I will get it to you.

- d. Retiree enrollments
- i. 95% enrolled through Aon during the enrollment period
  - ii. Fewer than 1% (~30) are non-responders who have not been located/reached
  - iii. 12,759 retirees have joint accounts. The funds are only accessible through the retiree.
  - iv. Enrollments: 79% Medigap plans (89% Plan F; 8% Plan N; 2% Plan G); 18% Medicare Advantage plans; 3% standalone Plan D policies
  - v. Average costs
    1. Medigap: \$197/month
    2. Plan D: \$28.30/month
    3. Medicare Advantage: \$41.90/month
    4. HRA: \$228/month
    5. These figures do not include the cost of Medicare Plan B premiums
  - vi. Use of funds
    1. 726 retirees have not used their HRA at all
    2. 1982 retirees have exhausted their HRA funds as of mid-October
    3. 33 retirees or spouses have used the catastrophic HRA option. The total reimbursed for the catastrophic HRA to date is \$52,627.
  - vii. USG's Other Post-Employment Benefits (OPEB) liability has declined by 20% overall, but it is still high (projected at over \$1B in F"Y18). USG has started reporting OPEB on fiscal statements, which show \$3-4B in liability for retiree healthcare benefits. USG may need to put money in trust for that liability, but currently the system is pay-as-you-go.

USGRC questions and comments (italics) with USG responses and comments (plain text):

- *Older retirees are paying more. Can we get a breakout of the data? When you look at those who have exhausted their HRA, can you see if they are older retirees?* We do not have projections for those who have exhausted their HRAs.
- *I'm concerned about this data about unused HRA funds. The BOR may think this means retirees don't need the money. I would caution that we not go in that direction. Let's make sure we know what the data really means. I think it's an indication that these retirees don't know something about how to get their reimbursement.* Some retirees needed help to figure out how to handle the transition to AON. A lot of their children were trying to help them figure things out. Many don't know about or understand the reimbursement part. Some are holding expenses to report at the end of the year. Please remind retirees that they can be reimbursed for medical expenses that were not reimbursable before unless you had specialized insurance. These include dental, vision and hearing expenses. Can we get a list by campus as to who these individuals are and have HR reach out to them - just like when we asked you to let us help you find retirees?
- *Are HR offices doing anything anymore with retirees? For open enrollment, for example?* Georgia State is having meetings with retirees. Not all are doing this. Columbus State has a meeting set for November 3.
- *Several retirees have had advisor problems.* USG-HR is working with Aon to improve the advisor situation.
- *Spouse letters may not have included HRA amounts.* They are getting the same HRA. Corrected letters are going out.
- *We need data on how much retirees have really paid, money saved and money rolled over. Can we survey?*

- e. Other updates and questions
    - i. Medicare Part D – Coverage Gap Closing
      - 1. In 2017, drug costs to retirees decrease
        - a. Retirees pay 40% of the cost of a brand name drug instead of 45% (2016)
        - b. Retirees pay 51% of the cost of generic drugs instead of 58% (2016)
      - 2. Cost will go down by 2020 (no donut hole)
      - 3. \$4950 to qualify for catastrophic phase in 2017. [Karin Elliott: The most a retiree will pay is \$2800-\$3000 at the highest level, if catastrophe is reached.]
    - ii. April 1, 2017 00 retiree benefits billing will move to a single system (OneUSG), which will include a call center to answer questions. USG is moving to People Soft from ADP; movement from the Shared Services Center to OneUSG is part of this project.
    - iii. Campus retiree organizations
- USGRC questions and comments (italics) with USG responses and comments (plain text):
- *Are institutional officers encouraged to have retiree organization on their campuses? We need for the Chancellor to tell presidents that they must have retiree organizations.*  
 Not yet. We can put this on the agenda for Presidents, VPAA. We can work on having messages go to all groups, but there isn't a central coordinating process for information to go to other levels.

V. Working lunch

VI. Best Practices for Retiree Organizations

- a. Dorothy (the past): recap of AROHE presentation (Association of Retiree Organizations in Higher Education): *Advocacy Through Partnership: Strategies to Transform Retirement*; focus on the origin of the USGRC to parallel the USGFC and the USGSC and on beginning of GA-HERO
- b. Dennis Marks (the present): summary of the results from the USGRC Survey of Retiree Organizations (24 responses from USGRC representatives). We want all USG units represented on the USGRC; we have all but one now.
  - i. 12 have named an alternate representative to help with continuity of experience
  - ii. 9 institutions have retiree organizations
  - iii. 4 institutions have a Facebook page
  - iv. 6 institutions have a newsletter
  - v. 9 institutions have formal bylaws
  - vi. membership among campus retiree organizations varies; some have faculty and staff, some are emeriti only, some have associates who don't meet criteria for retirement, some include individuals who have retired away from their home institutions and are welcomed into nearby institutional organizations
  - vii. governance structures are similar; usually a president, vice-president, secretary, treasurer (or secretary/treasurer); terms of office vary; some have included offices on campus, such as development, HR, etc.
  - viii. activities vary; some have activities as often as once a month

- ix. permanent office space provided at Kennesaw State, Valdosta State and UGA; UGA set up a satellite office for retirees to get advisement regarding the transition to AON. This is an exemplary program. 1200-1500 retirees were seen there for advice and counsel. The university gets a lot of credit for supporting that. The President immediately embraced that idea. The Center is in existence about 3 months, 6 hours a day, 5 days a week. It was helpful for both retirees and the USG.
- x. Finances vary. Four retiree organizations have dues (\$10-\$20/year). Some have lifetime memberships. Seven get institutional support. Foundations are the best source of travel funding to attend meetings.
- xi. Perks vary. Many include library privileges. Clayton State University has the most robust set of privileges.
- xii. Retiree contributions to their institutions are large and include financial and time investments. One of the best things Dennis said he got out of going to the AROHE meeting was learning about a report that 10 institutions in California put together every three years about the activities of their retirees. The nature of their contributions is the equivalent of an 11th campus to the University System in California. We want to let retirees know their contributions are valued. They haven't just dropped off a cliff. More can be done to acknowledge their presence, as listing Emeriti faculty on their departmental web pages. We can do a better job in this regard.
- xiii. Aspirations: a common theme is pre-retirement planning.
- xiv. Statements of purpose/mission: check out those from UGA and West Georgia.
- c. Missy Cody (the future): Our partnerships can strengthen.
  - i. We have strong support from personnel at USG. We get answers to our questions, and our questions/concerns go back to the Central Office. This is a strong liaison and problem-solving group for USG benefits.
  - ii. We have GA-HERO. There are retiree issues beyond benefits, such as productive leisure, housing and other concerns facing an aging group. For example, what happens if you retire to play golf and your buddies are still working? Or you want to travel and your partner's health does not allow for travel? Or you want to live near your grandchildren, but those families keep moving? GA-HERO can address these issues in statewide programs.

GA-HERO has both public and private institutional members. To be a member of GA-HERO your institution must also be a member of AROHE (Association of Retiree Organization in Higher Education). The next AROHE meeting is likely to be in Atlanta is 2018. Start planning for this. There will be a registration fee, and you may want to plan to stay in Atlanta for events that start early and/or end late.

VII. USGRC Communications Report Follow up [Dennis Marks]

This is a work in progress. Share information with retirees at your institution. We need email addresses to proceed.

VIII. Reports from USG Faculty Council and Staff Council [Dennis Marks]

- a. Faculty Council is considering how unit presidents are appointed, how decisions are made about consolidations, compensation for summer teaching and health insurance. We have put "Pre-retirement Workshops" on their agenda. Also, USGRC would like to have the relationship of campus retiree organizations and institution Senates discussed; are retirees represented?

b. Staff council is considering healthcare coverage for lower paid staff.

IX. Upcoming meetings

- a. GA-HERO meeting in Macon on Friday, November 11, 2016
  - i. Brooding (Over) that Nest Egg: Financial Planning Made Simple
  - ii. Best of the Best Practices: Report from the National Meeting
- b. USGRC Spring meeting TBD

X. New Business

- a. Consideration of Pre-retirement workshops
- b. Distribution of pamphlet from Valdosta State University on Retirement Planning  
*Karin Elliott*: USG would like to be involved in pre-retirement planning. "We support people having retirement information ahead of time. We don't want people feeling that they run into issues they wish they had know prior to retirement. As much as we can help, let us know. We would like to partner with you in this regard." She added that the Central Office has connections with ORP (Optional Retirement Program) representatives.

**Adjournment: 2:00 pm**

Respectfully submitted,

Mildred (Missy) Cody  
Substituting for Ray Chambers, Secretary

**Meeting Documents:**

Total Rewards Steering Committee Structure  
Board of Regents Policy on New Hire Retiree Healthcare Contributions  
USGRC Retiree Organization Survey Summary