Participant List

Attending in Person:
1. Barbara Price--GSO
2. Martha Wicker--Clayton
3. Richard Baringer—GSW
4. Pat Wilkins—GCSU & Darton
5. Raymond Chambers--Bainbridge
6. Anne Richards—UWG
7. Dennis Marks--VSU
8. John Derden--EGA
9. Dave Lapp—GRU
10. Andy Smith – Georgia Tech
11. John Hutcheson—Dalton
12. Barbara Morgan—AMSC
13. Bob McDonough—Georgia Perimeter
14. William Johnson—Albany
15. Verbret Moore—FVSU (for Tricia Addison)
16. Missy Coby—GSU
17. Dorothy Zinsmeister--KSU
18. Marion Fedrick—USG
19. Karin Elliott--USG
20. Linda Noble--USG
21. Teresa Joyce--USG

Attending via Telephone:
1. Ann Crowther--CCG
2. Kathy Martin--UNG
3. Tom Lauth—UGA (for Brahm Verma)
4. Alberta Cook—Staff Council rep for Tim Aldridge

Not Attending:
1. Jerry Turner—Gordon
2. Robert Marsh--Faculty Council rep
3. Patsy Hembree—ABAC
4. Julie Weisberg—GGC
5. Levy Youmans—MGSU
6. GHC, Armstrong, Columbus, SSU
USG Retiree Council
October 23, 2015
Middle Georgia State University
Foundation Board Room (Student Life Center)
10:00 am—2:00 pm

AGENDA

I. Welcome                        Teresa Joyce

II. Introductions and Roll Call

III. Approval of the Minutes of the May 21, 2015 USGRC Meeting
     Barbara Price

IV. August 2015 Presentation to the USG Board of Regents: Goals for 2016 Health Plan
     Marion Fedrick

V. Medicare Eligible Retiree Healthcare: Update on Enrollment Process and Data on Progress
     Karin Elliott

VI. Working Lunch

VII. Report of USGRC Communication Committee
     Dennis Marks

VIII. Council Membership Update
      Dorothy Zinsmeister

IX. Other Business
    Dorothy Zinsmeister

X. USGRC Spring Meeting
   A. Month and Location to be Determined
   B. Election of Officers
   C. Issues for Consideration
    Dorothy Zinsmeister

Note: GA-HERO Meeting, November 13, 2015, 10:00 am—2:00 pm
Middle Georgia State University, Foundation Board Room (Student Life Center)
PERSONNEL & BENEFITS COMMITTEE

Marion Fedrick
Vice Chancellor of Human Resources
August 12, 2015
Agenda

• Goals for the 2016 Health Plan

• 2016 Plan Changes Summary

• 2016 Proposed Premiums

• Medicare Eligible Retirees
Goals for the 2016 Health Plan

- Evaluate 2015 contract and plan implementations

- Control pharmacy costs
  - 19% increase 2013-2014
  - 10% projected increase in 2015
  - 11% projected increase in 2016

- Continue moving to defined contribution pricing model

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2016 Proposed Plan Changes

- Medical - Add options for more flexible doctor visits
- Pharmacy - Specialty formulary and dispensing of drugs
- Wellness Initiatives
  - Support campus environmental changes and fitness challenges for employee well-being
  - Focus on improvements in top 5-lifestyle diseases

“Creating A More Educated Georgia”
### Recommended 2016 Premiums

**Active Employees and Pre-65 Retirees**

<table>
<thead>
<tr>
<th>Employee Monthly Premium</th>
<th>Blue Cross Blue Shield of Georgia (USG Self-Insured Coverage)</th>
<th>Kaiser</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Consumer Choice HSA</td>
<td>Comprehensive Care</td>
</tr>
<tr>
<td><strong>Tier</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>$74</td>
<td>$173</td>
</tr>
<tr>
<td>Change over 2015</td>
<td>$12</td>
<td>$3</td>
</tr>
<tr>
<td>Employee + Child</td>
<td>$132</td>
<td>$310</td>
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<tr>
<td>Change over 2015</td>
<td>$22</td>
<td>$5</td>
</tr>
<tr>
<td>Employee + Spouse</td>
<td>$153</td>
<td>$362</td>
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<tr>
<td>Change over 2015</td>
<td>$25</td>
<td>$6</td>
</tr>
<tr>
<td>Family</td>
<td>$211</td>
<td>$501</td>
</tr>
<tr>
<td>Change over 2015</td>
<td>$35</td>
<td>$9</td>
</tr>
</tbody>
</table>

*Change over 2015 represents the increase in premiums from 2015 to 2016.*

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Affordable Care Act
2018 Excise Tax

Imposes a 40% excise tax, starting in 2018, on the portion of health plan premiums that exceed $10,200 for single coverage and $27,500 for family coverage.

What’s important to know?

- TRSC has already taken steps to avoid the tax in early years.
- Future recommendations will focus on plan design changes to avoid tax in later years.
- Monitoring IRS guidance.

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2016 Medicare Eligible Retiree Plan

- **Primary Coverage (80%)** - Medicare Parts A & B

- **Supplemental Coverage (20%)** - Purchased from the Aon Retiree Healthcare Exchange, a private retiree health exchange

USG will assist retirees in selecting and paying for their Supplemental Coverage (20%)
Medicare Eligible Retirees
Selecting and Paying for Coverage

• Retiree
  • Meets with Aon Benefit Advisor to select best coverage
  • Selects coverage from Aon Retiree Health Exchange
  • Pays premiums for coverage each month

• University System of Georgia
  • Provide funds towards premiums
  • Funds from USG are deposited into a Health Reimbursement Account (HRA)
  • Retiree uses money from HRA to reimburse themselves for a portion of the premiums and/or out-of-pocket healthcare costs

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Medicare Eligible Retirees
USG Funds to HRA

• Funding recommendation based on:
  – Retiree’s spend for healthcare coverage relatively the same for 2016
  – No increase in BOR cost for retiree healthcare in 2016; 2015 spend at $43.3M

• USG Funds to HRA
  – $2,736 annual amount/$228 monthly

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Medical Eligible Retirees
What this means for Retirees

- Retirees will pay a similar premium in 2016 as they did in 2015
- Coverage levels are comparable to the USG plan

<table>
<thead>
<tr>
<th>Average Retiree*</th>
<th>2015 Comprehensive Care Plan</th>
<th>2015 Aon Retiree Health Exchange Most Similar Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppl. Coverage Premium</td>
<td>$116.00</td>
<td>$199.00</td>
</tr>
<tr>
<td>Medical Costs</td>
<td>$25.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Pharmacy Costs</td>
<td>$62.00</td>
<td>$128.00</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$203.00</td>
<td>$327.00</td>
</tr>
<tr>
<td>BOR Cost Share (based on 2016 proposed subsidy)</td>
<td>Already deducted from premium – ($234.00)</td>
<td>-(228.00)</td>
</tr>
<tr>
<td>Monthly Retiree Cost</td>
<td>$203.00</td>
<td>$99.00</td>
</tr>
</tbody>
</table>

*Average retiree is based on weighted average costs for 4 retiree health statuses: healthy, acute episode, chronic condition, and high-cost

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Medicare Eligible Retirees
Health Reimbursement Account

HRA Details

• Retiree must purchase coverage through Aon Retiree Health Exchange to receive USG funds in their HRA

• USG funds the HRA for the full year on January 1

• Funds unused at the end of the year, roll over from year to year

• Eligible reimbursement expenses include:
  • Insurance premiums and out-of-pocket healthcare costs
  • Medicare part B premiums
Medicare Eligible Retirees
What this means for USG

Employer Cost ($Millions)

Plan Year

$43.3
$45
$47
$49
$51
$53
$55
$57
$59
$61
$63
$65
$67
$69
$71

2015
2016
2017
2018

Without Change Projected

With Change Projected

Assumes a constant population size;
2015 – 2016 projections provided by Aon Hewitt

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Medicare Eligible Retirees Communications

• Fall enrollment informational meetings will be held at all 30 institutions

• One-on-one telephonic enrollment sessions

• Extended Open Enrollment – October 1 thru Dec. 31

• Working with retiree advisors for feedback

• USG Retiree Advisory Council
  • Advise system office on retiree engagement

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Questions?