AGENDA

I. Welcome 
   Linda Noble

II. Introductions 
   Linda Noble

III. Discussion of and voting on Draft of USGRC Bylaws 
     Dorothy Zinsmeister

IV. Election of Officers-nominations from floor; nominations 
    also accepted prior to meeting; designation of voting 
    members 
    Teresa Joyce

V. Presentation and discussion of the December 16, 2014 USG 
   Medicare Eligible Retiree Healthcare Strategy of 2015-2016, 
   and Frequently Asked Questions documents 
   Marion Fedrick 
   Karin Elliott

VI. Next USGRC meeting—month and location to be determined

VII. Other business

FYI
Georgia Association of Higher Education Retiree Organizations (GA-HERO) Meeting
Friday, April 24, 2015
GSU Indian Creek Lodge location
10:30am—1:30pm
ga-hero.org
Present: Board of Regents - Karin Elliott (Associate Vice Chancellor of Total Rewards), Marion Fedrick (Vice Chancellor, Human Resources), Teresa Joyce (Associate Vice Chancellor for Academic Affairs), Linda Noble (Vice Chancellor for Academic Affairs). Institutional Representatives - Richard Baringer (Georgia Southwestern State University), Ray Chambers (Bainbridge State College), Ann Crowther (College of Coastal Georgia), Harry Dangel (Georgia State University), John Derden (East Georgia State College), Sharron Hannon (University of Georgia), David Lapp (Georgia Regents University), Dennis Marks (Valdosta State University), Carl McDonald@ sgsc.edu, Bob McDonough (Georgia Perimeter College), Barbara Morgan (Atlanta Metropolitan State College), Terry Norris (Columbus State University), Barbara Price (Georgia Southern University), Linda Prisant (Darton State College), Crystal Reeves (Georgia College and State University), Anne Richards (University of West Georgia), Martha Wicker (Clayton State University), Pat Wilkins (Georgia College & State University), Andy Smith (Georgia Institute of Technology), Jerry Turner (Gordon State College), Dorothy Zinsmeister (Kennesaw State University).

I. Linda Noble called the meeting to order at 10:01 a.m. and welcomed those who were attending in person as well as those who were participating via WebEx or phone.

II. Introductions. All those participating in the meeting introduced themselves to one another.

III. It was agreed by consensus to shift items on the agenda so that discussion of bylaws and election of officers would occur after Marion Fedrick and Karin Elliott provided the following: "Presentation and Discussion of the December 16, 2014 USG Medicare Eligible Retiree Healthcare Strategy of 2015-2016, and Frequently Asked Questions documents."

Vice Chancellor Fedrick explained that the Office of Human Resources is responsible for many areas, including benefits, leadership development, staffing policies and procedures. Any HR plans or policies start with this office. She distributed a handout as the basis for her presentation, which was visible on the screens of those calling in via WebEx. The group was told it would be available via email after today's meeting. [The content of this handout is provided on pp.7-10 below.]

Vice Chancellor Fedrick said her office works closely with the Board of Regents (BOR) and with the Total Rewards Steering Committee [see list, page 13]. The latter group she described as "made up of people across institutions who are healthcare experts." They bring HR information about what is going on in the market. HR then shares this information with the Board. A decision has been made to contract with a national/international leader/consultant on benefits - Aon-Hewitt - to outsource [editor's note: my choice of words, not hers] healthcare benefits for retirees.

Vice Chancellor Fedrick said she has been at the BOR three years. The charge she got when she was hired was that the plans in place had to be sustained. And, given the rise in healthcare costs, a strategy had to be devised to achieve this. Various constituencies said we can't do this or that, Fedrick stated, "but at the end of the day we had to make a decision that would result in sustaining the system." We have to do this, Fedrick emphasized. If anyone thinks the plan is not going up in costs, look at the market. It's not a secret what's going on.

The USG started talking about retiree healthcare years ago. Changes proposed were approved
November, 2013. They were presented by Dr. Valerie Hepburn. It was done in the open. It was not kept a secret. There were a "couple hundred" persons in the Board room, including persons representing the media. At that time, the proposal for change was "not a news story." Phase one involved getting retirees eligible for Medicare on Medicare as their primary insurance provider. Had we not done that, we would have had retirees who would be losing their primary coverage when the change occurs. There were about 1000 persons who had to be moved, persons who, at the time, were not informed that they had the possibility of using Medicare as a benefit or had elected to continue USG health insurance as their primary insurance. Less than 200 are not yet enrolled in Medicare. This is a problem because at some point they will not have coverage from the USG.

Teresa Joyce explained that the USG is attempting to contact these individuals to at least talk with them about the changes before coverage is dropped. They then have between January 1, 2015 and March 31, 2015 to enroll in Medicare.

Karin Elliott noted that July 1, 2015 is when the new policy goes into effect for all in the group being grandfathered into Medicare.

Dorothy Zinsmeister asked "What has been the biggest challenge faced by the USG in informing retirees about the changes being implemented?" Response: Having solid contact information for retirees. The USG employed a group to find retirees who hadn't yet responded. Some had long gone into retirement. Some left the country, the state. Many may have acquired coverage elsewhere, but the USG doesn't know this. The USG has engaged with individual institutions to see if they can locate community members who know the whereabouts of some of the retirees yet to make a transition to Medicare.

Barbara Morgan mentioned that persons on the staff at Atlanta Metropolitan State College had real problems when they tried to get on an exchange for healthcare, and a group was organized to provide them with assistance in this regard.

Vice Chancellor Fedrick: We will have a group to walk individuals through different plans. If you go to our private exchange, you will have people who can help you select a plan. These persons can do a better job than campus HR personnel or those in the System Office. We shouldn't be trying to tell folks which plan is best for their circumstances. The names of Advocates will be made known when the time comes to provide assistance to retired faculty/staff in selecting a plan.

Barbara Price: When will a decision be made on exactly how much money we will have to use for a supplemental healthcare plan?

Marion Fedrick: It's not just the amount.

Usually, employees get information about the cost of plans in October or November. A lot of data has to be gathered and numbers crunched to determine this. It can't be figured out how much we spent this past year and what we subsequently need to do about costs until we get particular data. Retirees will get the data about this "subsidy" (not the term that will actually be used but the one that clarifies things currently) before November - around May is when it is expected - before HR goes to a Board meeting about it. More than likely, this amount will be determined every year, as premiums have been in the past. "We are not going to pay out a one-time amount." We don't know what we need to provide to cover healthcare costs for retirees. But we will get there by May once we know how much is needed. We're 70/30 on most of our plans at the present time - i.e., the USG pays 70% of the cost and individuals pay 30%. We will make a presentation at the August Board meeting that will include specifics about the amount.
Barbara Morgan: Current premiums are at relatively low rates. We know about what we have to pay from year to year. What are the chances the changes proposed will make a big difference in what we pay? What are the chances we will pay more for coverage than we do now, which means we may have to take out one of the lower-option plans?

Marion Fedrick: It will be comparable at varying price points. If you want higher coverage or a higher deductible plan, you can get either. From our review, you will not lose your coverage level by going to the exchange, and the cost will be better. We've been looking at this process for over two years. Actuaries are running the numbers and looking at the exchanges and telling us the coverage that will be available will be similar to what you have and price points will be similar as well.

Martha Vicker: Many questions remain about the matter of setting the amount of what the USG contributes. Will the contribution be a constant figure "year-over-year, or indexed to keep up with healthcare cost inflation?" The answer, according to the FAQ page distributed to us is "No decision has been made at this point." That makes us nervous.

Marion Fedrick: I'll say what is said there, because it's what we do every year. Our healthcare costs go up every year and we don't cover them all every year. It depends. I have data on healthcare trends over five years. We may not go as high in the USG as those figures suggest we will. We might have an increase below what the trends say costs will go up to. We don't know if this will continue, however. If you put this in context of how we handle healthcare every year, we just can't specify an amount. The intent, however, is not to fix a set ceiling, it's to continue doing what we've been doing.

Barbara Morgan: What's the current thinking about the breadth of options that will be available on the exchange?

Marion Fedrick: It will be more - possibly as many as 20 choices. But you won't have to figure things out on your own. Advocates will help you. You can say you want a plan like you have now and they will let you know what that will be.

Barbara Morgan: Can a person take the subsidy provided by the USG and go out of the system to the Federal exchange to find coverage?

Marion Fedrick: No. What we are doing does not allow this. You cannot go to the Federal Exchange. If you don't have our retiree healthcare coverage, if you come out of our system, the funds will go away. Similarly, if you retire without our healthcare coverage, you don't get a chance to get it later. Last week's article in the Athens paper, The Flagpole, (February 25, 2015) "bothered the heck out of me." What I felt the story did was take a group of employees who have contributed to the system and led them to question everything about the institutions they just left. I am confident the plan we have proposed is a good plan. We took a lot of time out of what we do to respond to questions about it because of the publicity it has recently received. The headline for the article in the Athens paper was wrong when it read: "UGA Retirees are Losing their Health Insurance." I can't give better coverage in employee plans than what is provided thru the proposed contract with Aon-Hewitt. This gives better opportunities and stops the costs going up that we cannot sustain. This was something we did to be positive. If it (health insurance) had not changed, we would be in a more dire place. Changes were needed. We do change every year - all in the name of having a sustainable, value-added plan.

Barbara Morgan: Sometimes people expect changes will bring lower costs, but they don't. Do you have the numbers to show that there will be savings via the new plan that warrants the change?
Marion Fedrick: Yes. And it's not just to stop the Other Post Employee Benefits (OPEB) numbers from going up. In the FAQ document the number is there in Question #2.

When council members seemed confused about what Fedrick was referring to, someone noted: The "bigger FAQ" statement that addressed these issues went to the Presidents of USG institutions on December 16, 2014. "I'll get those numbers for you," Fedrick promised.

[Editorial note: The section referred to reads as follows:

2. Why did the Board make this change?

The Board has been evaluating retiree healthcare costs over the past several years. Retiree healthcare costs have become especially significant since the Governmental Accounting Standards Board (GASB) required state and local governmental employers to report Other Post Employee Benefits (OPEB) liabilities beginning with Fiscal Year 2008. OPEB liabilities include employee benefits other than pensions that are received after employment ends (e.g., healthcare and life insurance). Determining future benefit costs uses actuarial assumptions such as number of employees expected to receive benefits, expected employee tenure, life expectancy, expected healthcare costs increases, and investment return. GASB does not require that the OPEB liability to be funded [sic], so the USG and most other state and local governments are on the "pay as you go" system. The purpose of this requirement is to provide reliable and decision-useful financial reporting for governments, as post-employment health benefits are a significant financial commitment. Since the required reporting took effect, the University System of Georgia's OPEB accrued actuarial liability has increased 89%; the net OPEB obligation, which is the cumulative amount of differences between an employer's annual OPEB costs and amounts actually contributed to the plan since the OPEB reporting effective date, has increased 987%. As the University System of Georgia retiree population, retiree health care costs, and retiree healthcare liabilities continue to increase, the University System of Georgia must take actions to reduce costs in order to preserve retiree benefits for current and future retirees.]

Barbara Morgan: Sometimes changes are made in the guise of saving money, but in the long run they don't actually save money.

Marion Fedrick: This change is not just about savings. We will always have that number to pay. It just doesn't increase as much. We do this for both savings and sustainability. And we want retirees to have more control over their healthcare. I emphasized to the BOR, don't just focus on saving money, but on what benefit the change would bring.

Anne Richards: One of the reasons why persons have been concerned about these changes is because they were not given information about them at the time they were approved by the BOR in November of 2013. Further, if a person went to the USG website to read the minutes for the meeting where the two-part strategy was approved, only one portion of that strategy (having to do with Medicare-eligible retirees getting on Medicare) was mentioned. The other part was not. Instead, persons interested in learning more were told that they could get additional information only by going in person to the Board office. This gave people the clear impression that they were being kept in the dark about it.

Marion Fedrick: Information about both parts is on the USG website.

Anne Richards: Several of us on our campus have not been able to find it on the website.

Dennis Marks: If you go to the minutes for the November, 2013 meeting, what is written is as follows:
"The Board approved the Medicare-Eligible and Enrolled Retiree Strategy, designed to see that all eligible persons become enrolled in all appropriate parts of Medicare for primary coverage, making USG health insurance the secondary payer on any claims. This is advantageous to the retirees and their dependents, and to the USG, for cost and coverage purposes. A copy of Dr. Hepburn's presentation, and a recording of her complete remarks, is on file with, and available for inspection in, the Office of the Secretary to the Board."

Marion Fedrick and others from her office confer and then inform members of the Council that if they go to the "agenda" for that meeting, they will find that it reads:

2. Approval of the Medicare-Eligible and Enrolled Retiree Strategy

**Recommended:** That the Board approves the Medicare-Eligible and Enrolled Retiree Strategy.

**Background:** The University System of Georgia (USG) provides the opportunities for retirees, who meet certain employment conditions, to continue to purchase health insurance through the system’s group plans. The coverage is available to the retiree, his/her spouse and qualified dependents (hereinafter, dependents) in its various health insurance program offerings. Approximately, 14,000 enrollees are retirees and/or dependents who qualify for Medicare. Within that group of retirees, some 1,000 individuals are eligible for, but not enrolled in, all parts of the Medicare program. Those eligible, but not enrolled, individuals pay premiums which range from equivalent to active employees to the “full” average cost of employee/employer premium. Because the USG health insurance program provides primary coverage for most of their services, the claims cost for a non-enrolled individual averages about three times the cost for an enrolled individual. For cost and coverage purposes, it is advantageous to the retirees/dependents and to the USG that all eligible persons become enrolled in all appropriate parts of Medicare for primary coverage, making USG health insurance the secondary payer on any claims.

**Goal:** We are recommending that the board approve the following two stage process to enroll all eligible retirees in Medicare and to provide Medicare-enrolled retirees with a Defined Contribution Health Care Credit.

The first stage is to educate retirees in 2014 about the change in the USG healthcare policy which will become effective January 1, 2015 to only allow secondary coverage for Medicare eligible retirees/dependents. During this stage, assistance will be provided to the retiree/dependents to help them enroll in Medicare B. In addition, USG will offer a one-time opportunity to the retiree/dependent to pay any late enrollment penalties if they enroll in Medicare B during this period.

Beginning in 2015, the USG healthcare plan will provide secondary coverage to all Medicare eligible retirees/dependents.

In the second stage, beginning 2016, the USG will provide secondary coverage to all Medicare eligible USG retirees/dependents through a defined contribution health care investment account. This would allow the member to secure secondary coverage through a range of public and private market options outside of the USG healthcare plan. [See pg 213 at http://www.usg.edu/regents/documents/board_meetings/agenda_2013_11.pdf]

Dennis Marks: It was not brought to people's attention that this is a change from a "defined benefit" plan to a "defined contribution" plan. It says "defined contribution" plan but does not make explicit that this is a change. Even if someone read this, most people would be unlikely to appreciate the significance of those words.

Someone else mentioned that, in addition, this information is found on page 213 of a 250 page agenda.
Linda Noble: It is very difficult for us to communicate with retirees. We don't have adequate contact information to know how to reach them.

Dennis Marks: And yet your committee is still moving forward on the timeline you established in November of 2013.

With a defined benefit system, the USG has primary responsibility for liability. This definitely changes when each retiree has to assume responsibility for that liability. Also, the plan throws away the bargaining power of the university system to the individual retiree, who doesn't have as much bargaining power when it comes to securing the best coverage possible. And having someone help you choose something for a condition you presently have doesn't necessarily help you when subsequent problems arise. The whole point of insurance is not that it takes care of what you know you have, but what you don't know you may yet have to contend with. The whole point of group insurance is that we're all of us in it together.

Marion Fedrick: We don't have "insurance" at the USG. We have a self-funded plan. We pay Blue Cross/Blue Shield to administer the plan for us. So each time we run into a problem we have not anticipated, we have less money to give others in the system. You can't pay for every claim in an optimal way because of this.

Dennis Marks: With the new plan, the difference is that liability - the risk that some new disease or medical condition comes along - rests on the individual, not the USG. The liability goes to the individual retiree.

Marion Fedrick: No, it goes to the insurance company.

Dennis Marks: I'm going to have to gamble which insurance company will be right.

Dorothy Zinsmeister: We do that now.

Dennis Marks: As the cost of healthcare goes up, the risk of that will be shared between the system and retirees. Retirees are asking for the same share of risk. It used to be 80/20, with the USG bearing 80%. Went down to 75/25. Now it's at 70/30. More of the risk is transferred onto individuals. This defined contribution plan transfers more risk on individuals. If you don't have a healthy lifestyle, . . .

Marion Fedrick: For active employees - that's where we're going - to have a defined contribution vs. defined benefit plan. The direction we are going [regarding active employees] is for a larger portion of the costs of health insurance to be transferred to employees.

Linda Noble: This is not the proposed plan. This is where the BOR is going. It has been approved. It's not productive to challenge this. We need to figure out how to manage it.

Dennis Marks: Currently, we have a defined benefit plan for retirement (TRS) and a defined contribution plan for retirement (ORP). Faculty have this choice. If the defined contribution plan is so good, why not offer it as an option to retirees? Do with healthcare what we currently do with retirement. The Regents could decide that this could be an OPTION for retirees instead of a mandate. But persons could continue with BCBS of GA if some want to do this. We could find out from the marketplace of retirees what they would choose.

Marion Fedrick: In full transparency, I wouldn't propose that. Here's why. The two plans are woefully different. We don't have the ability to cover the liability. How can we continue to afford what we are doing? We just can't. Our health insurance will change in the future. Our claims are going up. We'll get
to a point where we can't sustain the system. For active employees this year, we'll pay the same for every plan. The plan they select, that's their choice. We can't continue to pay those costs.

Barbara Price: Did I understand you to say that the decision has also been made to do away with the USG's self-funded plan for active employees?

Marion Fedrick: No, but we're making changes in how we fund that plan. We're changing the cost-share between USG and employees.

Jerry Turner: I misunderstood what you said as Barbara did. I thought retirees and actively-employed are treated the same. So why the difference? Why don't retirees have the same plan as those actively employed? What's the difference? Why will retirees fund the difference and active employees won't? Why not do the same for active employees?

Marion Fedrick: For active employees in August 2014 we will get to a point that we move in this direction. If the plan is $100 for HSA, $200 PPO, $500 for HMO, we may say we'll give you a certain amount and you pay the difference. We have announced that for active employees.

Andy Smith: Why are retirees going to an insurance-funded plan while active employees are on a USG-funded plan?

Marion Fedrick: One is self-funded. We won't own the other plans. Retirees will be on a private exchange. The "funding model" will still be the same, however.

Andy Smith: Why treat retirees differently? Because retirees have more medical problems? That's age discrimination in my opinion.

Marion Fedrick: You have sickness and illness at every age.

Andy Smith: But the average number of claims is higher for retirees.

Marion Fedrick: If you have a different way to do sustainability, let us know.

Karin Elliott: Marion did all the hard parts, but I want to make a few points. There's the matter of timing - how do we get retirees engaged in the process? We want to ask you to help us do this, to serve as Ambassadors, or, if you're not willing to, can you let us know how we can get help from other retirees.

Marion Fedrick: We don't have one retiree email or physical address list. Each campus had to take the letter we sent to them and get it out from that campus to retirees. We created the document and institutions sent it out. The letter went to institutions a week ago Friday. Some institutions emailed it Friday, and mailed it on Monday.

Barbara Price: Georgia Southern retirees did not get this information from the institution. I first learned of it thru the information provided for this meeting.

Karin Elliott: This is part of our challenge. The same material can be found on the USG website. Go to the USG website, click on Administration, Human Resources, Employee Benefits page, look for Retiree Benefits (on left), then Important Information for Retirees (on right).
Marion Fedrick: As we move forward, we will have a dedicated site. We'll have videos, meetings scheduled. And in case you can't attend one meeting, you can attend another at a different institution. We have asked institutions to plan meetings for April. Each institution will invite retirees. We will answer your questions, but won't have specifics about the amount of money we can put toward the exchange. Our intent is to "train the trainer" so HR folks can subsequently explain all this. Also in April, there will be a Preparation Guide to explain the change. We know this is anxiety-producing. AON Hewitt is a great partner for us and we hope this will be a positive change.

Karin Elliott: We need retirees to help us. We would like to set up a Retiree Ambassador Program. In almost every meeting we attended with AON Hewitt's other clients, we had one person to say this is a really positive change. We're looking for those who would champion the change. Perhaps this group would be good. It would be helpful if the group could provide us with feedback about what is missing in our communications that retirees might want to know. We would like to get an open dialogue going about this. As we go through that communication process, would this group be willing to be the group of Ambassadors? You can discuss this among yourselves. We would love to have you serve in that capacity if you are willing.

Two handouts were then passed out - material that will go out next week. Persons in the group were asked to send feedback to Teresa Joyce about these. This will go out with an invitation to retirees regarding the meetings in April.

Barbara Price: Can you scan this material and send it to those of us not at this meeting in person?

Response: Yes. [See APPENDIX A]

Dorothy Zinsmeister: You mentioned that AON has a private exchange. Are there other organizations that also utilize this group? What is the relationship of the USG to that exchange? And would it ever happen that the USG would change this exchange to something else? In other words, is the USG maintaining monitoring oversight over Aon?

Marion Fedrick: Whoever we select as providers, we want to see them provide a good level of service. There will be call centers provided by Aon. We keep track of this. If they do not do well for our employees, we will change. We have performance measures tied to that.

Dorothy Zinsmeister: So if people are unhappy, you will hear from retirees.

Marion Fedrick: Yes.

Karin Elliott: Our office (USG HR) gets calls all the time from people with problems if service is not provided as it should be. We can't fix the problems with Aon-Hewitt, but can apply pressure for them to do so.

Marion Fedrick: Honestly, we want to hear back from employees on such matters.

Richard Baringer: Were other options considered? For example, my wife has coverage through another insurance carrier. She pays 1/3 of what I pay thru BlueCross/Blue Shield of Georgia. Did you consider just changing BCBS?

Marion Fedrick: We did that. It may be that the claims made to your wife's plan affect the cost of that policy.
Richard Baringer: Have you asked other institutional systems what their experience has been with private exchanges?

Marion Fedrick: Yes. Locally, Emory has a private exchange. Also private organizations such as AT&T and Bell South are on exchanges as well. We're talking to them about implementation - what worked, what didn't. Aon-Hewitt has experience with higher education.

Richard Baringer: I'd be straightforward about dealing with the matters of how it works. Would remind people: "Don't try to put lipstick on a pig."

Martha Wicker: We at Clayton State knew about this since last September. Because of what appeared in the media recently, however, our retirees got upset. I know you're fixing a contribution for active employees. Has there been any discussion about moving active employees to a private exchange?

Marion Fedrick: This is not off the table. We discuss all things from top to bottom. Bill Custer, a member of the Total Rewards Steering Committee* keeps us on our feet. He comes up with a variety of ideas for us to look at.

Barbara Morgan: What consideration has been given to how this might affect the ability of the USG to attract new faculty?

Marion Fedrick: We are concerned about things like this, as we are about SB 152. We wonder, does this affect recruitment? We don't think it will have an impact. It's not "cutting edge." It's out there.

Ray Chambers: It's tax season, so the following issue has come up. At the moment our healthcare premium is tax deductible on a tax return. If we get a lump sum and it can be used for a premium, in that case could we deduct it from our income tax? Or would this be taxable income rather than an expense?

Marion Fedrick: I'll get an answer to that question.

[Marion Fedrick and Karin Elliott leave the room.]

Dennis Marks: We were just asked about being ambassadors to help shape communications from the System to the retirees. What an ambassador has to do is to take information back to retirees. One thing you are hearing from the retirees is real concern about this change. We have a resolution that comes from Valdosta State University retirees. It is asking the Board to reconsider this change. We request a pause and request that the USG take a look at this again. On behalf of Valdosta State University, I'd like to bring this matter up now for consideration.

Teresa Joyce: We should hold on this until the committee has a chair and bylaws.

* See pages 10-11 for composition of this committee in 2013 and 2015
TOTAL REWARDS STEERING COMMITTEE  
University System of Georgia (2013)

Executive Council Members - monthly meetings

Mr. John Brown, Vice Chancellor for Fiscal Affairs and Treasurer, System Office

Dr. Phaedra Corso, Professor, Health Policy & Management, University of Georgia

Dr. William Custer, Associate Professor, Director of Center for Health Services Research, Georgia State University

Ms. Marion Fedrick, Vice Chancellor for Human Resources, System Office

Ms. Susan Norton, Vice President Human Resources, Georgia Regents University

Dr. Valerie Hepburn, President, College of Coastal Georgia

Mr. Tom Gausvik, Associate VP for Human Resources, University of Georgia

Mr. Russ Toal, Clinical Associate Professor, College of Public Health, Georgia Southern University

Advisory Implementation Committee - meetings 3-4 times a year

Mr. Ronnie Henry, VP for Business and Finance, Darton College

Ms. Diane Kirkwood, Associate Director, Payroll & Benefits, Shared Services Center

Ms. Lydia Lanier, HR Sr. Managing Director, University of Georgia

Dr. Linda Noble, Associate Vice Chancellor for Faculty Affairs, System Office

Ms. Cheryl Johnson Ransaw, Director of Employee Development and Wellness, Georgia State University

Ms. Darlene Wright, Director of Benefits, Georgia Institute of Technology
TOTAL REWARDS STEERING COMMITTEE
University System of Georgia (2015)

Members are appointed by the Chancellor at the recommendation of the Vice Chancellor for Human Resources. They serve 2 year terms, but these can be renewed. The Committee has been in place since 2009 “for the purpose of advising the University System’s Human Resources Office on plan design and strategy regarding the University System’s Healthcare plans. The committee’s recommendations are critical to the University Systems’ competitiveness in attracting and retaining high quality faculty and staff and are important to meeting the University System’s healthcare plan budgetary objectives.” Its recommendations are made to the Vice Chancellor for Human Resources.

Current members are as follows. Names in bold were recent appointees:

**Dr. Mark Braunstein**, Professor of Practice, School of Interactive Computing, Associate Director Health Systems Institute, GA Tech

John Brown, Vice Chancellor for Fiscal Affairs, and Treasurer, University System of Georgia

Dr. Phaedro Corso, UGA Foundation, Professor of Human Health, Director, Economic Evaluation Research Group, Department of Health Policy and Management, UGA

Dr. William Custer, Associate Professor, Director of Center for Health Services Research, Institute of Health Administration, Georgia State University

Karin Elliott, Associate Vice Chancellor for Total Rewards, University System Office

Marion Fedrick, Vice Chancellor for Human Resources, University System Office

Monica Fenton, Director System Benefits, University System Office

Sherea Frazier, Special Assistant and the Vice Chancellor for Fiscal Affairs, University System Office

Tom Gausvik, Chief Human Resources Officer, Clayton State University

Lydia Lanier, Director System Benefits, University System Office

Susan Norton, Vice President for Human Resources, Georgia Regents University

**Dr. Oreta Samples**, Program Coordinator/Lecturer, Masters of Public Health Program, Department of Veterinary Science and Public Health, Fort Valley State University

**Richard Spancake**, Chief Human Resources Officer, Abraham Baldwin Agricultural College (ABAC)

**Dr. James Stephens**, Associate Professor and Distinguished Fellow in Healthcare Leadership, Director of the Master of Healthcare Administration Program, Jiann-Ping Hsu College of Public Health, Georgia Southern University
**Tony Wagner**, Executive Vice President for Finance and Administration/Chief Business Officer, Georgia Regents University

**IV. Discussion of and Voting on Draft of USGRC BYLAWS**

Dorothy Zinsmeister: At our initial USGRC meeting held on November 20, 2014, a group of those participating in the meeting volunteered to serve on a subcommittee to draft bylaws for this organization. That group is listed at the end of the draft copy of the bylaws you received on line in advance of this meeting. We met periodically via conference calls, went through things with a fine tooth comb, and modified the document created several times. The document before you is draft #6. Although we won't have time to read through the entire document today, the floor is open for any changes, modifications, or comments you have on this draft. I'd like to start by asking for a slight edit on Article II (Mission). We say in Article III that "The USGRC shall participate in the University System of Georgia (USG) governance process by consulting with and advising the Chancellor or the Chancellor's designee(s) and formulating recommendations concerning the establishment of policies and procedures for the promotion of the general welfare of System retirees and of the University System of Georgia." But in Article II, the document currently reads that "The purpose of the University System of Georgia Retiree Council is to promote and foster and welfare of System retirees through the combined creativity and expertise of retiree representatives from System institutions." To make these two statements consistent, I'd suggest we add in Article II (Mission) the words "and of the University System of Georgia" after the word "retirees." This change was agreed to by consensus.

Sharron Hannon: For UGA, the last sentence in section VI.1 is problematic. It reads: "Only current USGRC voting members shall be eligible to serve as Officers in the following year."

At UGA, voting for our representatives to the USGRC will occur in the Spring. As a result, we will know who our representative will be, but he/she will not be "current" on the USGRC and thus not ever eligible to be an officer. The Bylaws of the USGRC ask institutions to set up a process for choosing their representatives. We have a process in place. And the last sentence of section VI.1 is in conflict with our process for choosing our representative.

To remedy this problem, Sharron proposed a motion to make a change in wording such as: "Officers shall be selected from among voting representatives to the USGRC selected by each USG retiree association."

While a variety of wording changes were proposed to amend this proposed amendment, and a lengthy discussion took place regarding it, the motion as initially proposed was eventually withdrawn because it was noted that not every institution has a retiree organization (although each has been encouraged to do so), and because the intent of those drafting the bylaws was that no one would serve as an officer who hadn't already served a year on the USGRC. The USG got in touch with Vice Presidents for Academic Affairs and asked them to arrange for a representative to the USGRC from their institutions. Some administrators simply appointed a representative to this Council in the absence of an organized retiree group on their campus. Jerry Turner thought the motion might be amended by changing the wording to "selected by each institution's designated representative." Teresa Joyce noted that the USG considers it a "long-term project" to work toward the establishment of retiree organizations on each campus in the System.

Richard Baringer said he would want the person serving as Chair of the USGRC to have at least one year's experience on the Council.

Linda Noble said the intent of the bylaws is to have a chair of the group who is in his or her second year term on the Council.
MOTION (Baringer/Marks): to adopt the bylaws as presented.

Barbara Price: I've been a member of many Boards. And it's common practice if a person is elected an Officer on a Board that someone else is then elected to serve as a voting member in his/her place.

Martha Wicker: The question is do we change our model to fit an institution's practice, or ask institutions to change their practices to fit our model. For me, it makes more sense for an institution to choose a selection procedure once the bylaws are in place.

Dorothy Zinsmeister: These are not tablets coming from the mountain. If we use these and they are not working for us, we can change them so they fit what's going on. If there is some general agreement on these bylaws, that seems a primary consideration at this point.

Sharron Hannon: Just so we have an understanding on this.

Jerry Turner: It's important to realize that, while you are the institution's representative, you are a member of this body and thus have a responsibility to make decisions for the good of the body.

MOTION: Anne Richards proposed an amendment to
(1) change the language in VI.6 (Terms of Service) to make it consistent with what was written in Article VI.1. on the terms of offices so VI.6 would read: "The term of service of an officer of the USGRC shall be for one year, starting on July 1 and ending on June 30 of the following year."
(2) change the words "will" to "shall" in Article III, line 1; in the line that begins "The Scope of Responsibilities of the USGRC;" in article IV. Membership, next to last line; in two places in Article V.1.1. Frequency of Meetings; in Article VI.1, next to last line; in Article VI.2. in two places. This amendment was seconded by Richard Baringer. and was passed with all in favor.

Ray Chambers noted that in Article IV (Membership), the last sentence read that "An institution may renew the term of its current voting member any number of times it desires." He said he understood that the USG was going to be encouraging the formation of retiree organizations at System institutions, and representatives on the Council would hopefully represent their interests and wishes in the long run. Since a particular administrator is currently in a position to choose an institution's representative, however, this wording seemed to provide an opportunity for an administrator to choose an institution's representation for an indefinite period of time and especially at a time when particularly contentious matters are being considered.

MOTION (Marks/Baringer): to amend the bylaws by inserting the words "by the established process" so the sentence now reads "An institution, by the established process, may renew the term of its current voting member any number of times it desires." This amendment passed with all in favor.

The main motion to approve the bylaws as amended was then voted on and was approved with all in favor. The bylaws adopted read as follows:

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UNIVERSITY SYSTEM OF GEORGIA RETIREE COUNCIL (USGRC)
BYLAWS (Adopted 03-06-15)

Article I. Name

The name of the body hereby constituted is the University System of Georgia Retiree Council (USGRC).

Article II. Mission

The purpose of the University System of Georgia Retiree Council is to promote and foster the welfare of System retirees and of the University System of Georgia through the combined creativity and expertise of retiree representatives from System institutions.

Article III. Responsibilities and Functions

The USGRC shall participate in the University System of Georgia (USG) governance process by consulting with and advising the Chancellor or the Chancellor’s designee(s) and formulating recommendations concerning the establishment of policies and procedures for the promotion of the general welfare of System retirees and of the University System of Georgia.

The Scope of Responsibilities of the USGRC shall include such functions as:

2. Establishing bylaws, leadership structure, and governing procedures of the USGRC;
3. Promoting the establishment and development of effective retiree organizations in all USG institutions;
4. Providing leadership for developing, with designated Board of Regents (BOR) staff, a registry of retirees who have the appropriate experience and skills to serve in interim faculty/staff/administrative roles as needed across the USG;
5. Formulating and recommending, in consultation with BOR staff, policies and procedures on such issues as:
   * Best practices for pre-retirement, retirement, and post-retirement
   * Alternate retirement options
   * Retirement transition options;
6. Serving in an advisory capacity to the Vice Chancellor for Human Resources on USG benefit plans;
7. Serving in an advisory capacity regarding any campus or system-wide survey related to retirement issues;
8. Serving in an advisory capacity on other retiree and retirement issues.

Article IV. Membership

Membership of the USGRC shall be composed of one voting representative from each USG institution (hereafter referred to as the “voting member”) and that voting member must be a member of that institution’s community of retirees. Each institution must establish a process for selecting its voting
member to the USGRC. Institutions are encouraged to select an alternate non-voting representative (hereafter referred to as the “non-voting member”) who may act as a proxy when the voting member is not available. The term of the voting members on the USGRC shall be one year, starting on July 1 and ending on June 30 of the following year. An institution, by the established process, may renew the term of its current voting member any number of times it desires.

**Article V. Meetings and Voting**

**V.1 Meetings**

**V.1.1. Frequency.** One face-to-face meeting of the USGRC shall normally be held each fall and spring. Additional meetings may be called by the Executive Committee or by a simple majority vote of the USGRC voting members or proxies. The fiscal year (July 1 – June 30) shall be the business year of the USGRC.

**V.1.2. Participation.** In addition to attending meetings in person, the voting and non-voting members may attend the meetings from remote locations via a “teleconference” technology.

**V.2. Voting**

**V.2.1. Voting Representation.** Each USG institution shall have one vote on any matter brought before the USGRC.

**V.2.2. Quorum.** At least 50% of the USGRC voting members or proxies must be present at the meeting to constitute a quorum where decisions by member votes are required.

**V.2.3. Proxy.** The non-voting member shall be expected to attend meetings whenever its institution’s voting member cannot attend. In such circumstances, the non-voting member shall have the power to vote in place of the institution’s voting member.

**V.2.4. Methodology.** Voting may take place synchronously during a meeting of the USGRC or asynchronously by electronic communication or other means as determined by the officers in consultation with the USGRC voting members.

**V.2.5. Threshold.** A majority vote shall be required to pass and adopt motions and decisions.

**V.2.5.1 Synchronous Threshold.** Any decisions or recommendations by the USGRC using synchronous voting must receive majority approval of those voting.

**V.2.5.2 Asynchronous Threshold.** Any decisions or recommendations by the USGRC using asynchronous voting must receive majority approval of those eligible to vote.

**Article VI. Officers and Duties**

**VI.1. Officers.** The Officers of the USGRC shall be a Chair, a Chair-Elect (who shall become Chair the following year), the past Chair, and a Secretary. The Officers shall be elected by a simple majority of the voting members or proxies of the USGRC. The terms of all Officers shall be one year, starting on July 1 and ending on June 30 of the following year. If a new Officer is not elected by July 1, the current Officer shall continue in the office until a replacement is elected. The Officers shall perform
the duties prescribed by these bylaws and by the parliamentary authority adopted by the USGRC. Only current USGRC voting members shall be eligible to serve as Officers in the following year.

VI.2. Representatives to other USG Councils. The USGRC shall elect a representative each to the USG Faculty Council and the USG Staff Council. The term of the representatives shall be one year, congruent with the term of the USGRC Officers. Each Officer is eligible for election as a representative to the USG Faculty or the USG Staff Council, but otherwise no USGRC Officer may hold more than one office.

VI.3. Executive Committee. The USGRC Officers and the USGRC representatives to the USG Faculty Council and the USG Staff Council shall constitute the Executive Committee of the USGRC.

VI.4. Nominations and Elections. Each year the election of the USGRC Officers and its representatives to the USG Faculty and USG Staff Councils must be completed by the conclusion of the Spring meeting. The Executive Committee may appoint a Nominating Committee that is chaired by the immediate past-Chair of the USGRC by January 30. The Nominating Committee shall (a) receive input from voting and non-voting members; (b) prepare a slate that shall nominate at least one individual for each USGRC Office and representatives, one each to Faculty and Staff Councils; and (c) present its report at the USGRC Spring meeting. The voting shall be conducted in compliance with Article V.

VI.5. Vacancies. If a vacancy occurs in the office of Chair, the Chair-Elect shall become the Acting Chair. If a vacancy occurs in another office, the Chair, with the majority approval of the remaining Executive Committee members, shall have the authority to fill such a vacancy for the remaining part of the year or until the next scheduled election of the Officers.

VI.6. Terms of Service. The term of service of an officer of the USGRC shall be for one year, starting on July 1 and ending on June 30 of the following year.

VI.7. Duties. The Chair shall preside at all meetings of the USGRC and shall represent the USGRC at the USG and Board of Regents meetings/events. The Secretary shall prepare minutes of each meeting. Other duties of the USGRC Officers shall be to:

* Hold USGRC Fall and Spring meetings where all matters affecting the System retirees are brought to discussion and votes, as appropriate;

* Communicate recommendations to the USG Chancellor and USG staff in development of policies and procedures affecting retirees;

* Prepare and distribute timely communiqués with retiree-related information to all USG institutions’ retiree communities.

The USGRC Executive Committee shall represent the USGRC at planned and ad hoc meetings with BOR Staff where all voting members of the USGRC are not available.

Article VII. Parliamentary Authority

The rules contained in the current edition of Robert’s Rules of Order Newly Revised shall govern the USGRC in all cases to which they are applicable and in which they are not inconsistent with these bylaws and any special rules of order the USGRC may adopt.
Article VIII. Amendments

Any proposal to amend these bylaws shall be submitted to the Officers in writing at least 30 days prior to the meeting of the USGRC at which they will be discussed. The voting on such proposals shall be conducted in compliance with Article V.

Draft initially prepared by USGRC Volunteer Bylaws Subcommittee
[Dorothy Zinsmeister (Kennesaw State University), Dave Ewert (Georgia State University), Dennis Marks (Valdosta State University), Carl McDonald (South Georgia State College), Barbara Price (Georgia Southern University), Anne C. Richards (University of West Georgia), Brahm Verma (University of Georgia)]
V. Election of Officers - nominations from floor; nominations also accepted prior to meeting; designation of voting members.

It was reported that one nomination had been received for Chair of the USGRC before today's meeting - but none for Chair-Elect or Secretary.

The nomination received for Chair was Dorothy Zinsmeister. 

**MOTION: (Marks/Baringer) - that Dorothy Zinsmeister be elected as the Chair of the USGRC.**

This was followed by a motion and a second that nominations be closed, which was passed. The original motion then passed unanimously.

**MOTION: (Baringer/Morgan) - that Dennis Marks be nominated for Chair-Elect of the USGRC.**

This was followed by a motion and a second that nominations be closed, which was passed. The original motion then passed unanimously.

Ray Chambers then recommended that Anne Richards be nominated for **Secretary of the USGRC** as he had noticed her taking more notes than most at today's meeting. Dorothy pointed out, however, that, in accordance with our just-adopted bylaws, Anne was ineligible to serve as Secretary because she is a proxy member rather than a voting member. Anne explained that the UWG retiree association has agreed to elect their current President as the official voting member. Because he was not available to attend the November meeting or today's meeting, she agreed to attend meetings as his proxy - and was elected to do so - in order to take notes for the benefit of the UWG retiree group. An election is to be held in the Fall for retiree association officers at UWG, at which time the current President is likely to retire from his position as retiree association President. Anne said it was not her intention to seek that position, but she has agreed to attend meetings so as to be able to take notes that can inform her colleagues of what is taking place. Barbara Morgan was then asked if she would be willing to serve as Secretary, but she declined. There being no additional nominations or volunteers for this position, Richard Baringer suggested that election of the secretary be delayed until the Fall Meeting, or that nominations be taken online after today's meeting.

Barbara Price said she would like to make sure that the group consciously chooses someone as an officer who is currently involved in the USGRC but does not represent an official retiree organization. She said she was concerned that the voices of such persons might not be heard and thought we should be careful to avoid having all officers of the Council representing established retiree organizations.

Barbara was then asked if she had an interest in serving as secretary. She said she would be willing to do so at least until someone else might have an opportunity to volunteer - so long as she didn't have responsibility for the minutes for today's meeting.

**MOTION (Baringer/Marks): to nominate Barbara Price as Secretary.**

This was followed by a motion and a second that nominations be closed, which was passed. The original motion then passed unanimously.

Dorothy then explained that we also had to elect persons from the Council to serve as our representatives to the Faculty Council (USGFC) and the Staff Council. She had already asked Linda Noble to check to be sure a person from the USGRC would be welcome at USG Faculty Council meetings, and was assured this would be the case.
MOTION: (Marks/Chapman): to nominate Dorothy Zinsmeister as the representative of the USGRC to the USGFC meetings.

In discussing the motion, Dennis Marks said it seemed "logical" for Dorothy to serve as the representative of the USGRC to the USGFC. Richard Baringer asked if, as a non-voting member of the USGFC she would be able to take the floor to speak. It was noted that it still remains to be determined how a representative from the USGRC could contribute to USGFC meetings.

The motion was approved by acclamation. It was then announced that the next meeting of the USGFC will take place on March 21, 2015, in Augusta (at Georgia Regents University).

A discussion took place regarding who might best serve as the representative of the USGRC to the USG Staff Council meetings. There being no clarity on this issue, Linda Noble mentioned that a decision on this matter could be deferred because no Staff Council meeting is currently pending.

A question was raised as to how a vacancy of this sort might be filled between now and the time the USGRC had its next meeting. It was agreed that the Executive Committee could fill the position in the interim.

MOTION: (Marks/Baringer): to declare the office of the USGRC representative to the USG Staff Council "Vacant" at this time. Passed by consensus.

VI. RESOLUTION CONCERNING UNIVERSITY SYSTEM OF GEORGIA RETIREE HEALTHCARE STRATEGY

MOTION: (Marks/Richards): to support the following Resolution Concerning University System of Georgia Retiree Healthcare Strategy, which had been circulated on line in advance of today's meeting.

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

Whereas that strategy entails replacing the current defined benefit of health care insurance with a defined contribution to a healthcare account which retirees will use to purchase coverage through market place exchange options outside of the USG healthcare plan;

Whereas a defined contribution plan places the fiscal risk of healthcare costs on the retiree rather than on the Board of Regents;

Whereas having each retiree select coverage from a number of options reduces the bargaining power of the Board of Regents to negotiate a better price with competing insurance companies on behalf of all retirees;

Whereas most individual retirees do not have the expertise to evaluate numerous competing insurance options, while the University System of Georgia does have expertise available;

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

Whereas the University System of Georgia has made no decision as to whether future contributions will be constant year-to-year or will be indexed to keep up with healthcare cost inflation;
Whereas keeping future contribution constant puts increasing cost on the retirees in future years, while indexing future contributions to health care cost inflation conflicts with the Board of Regents’ goal of reducing costs;

Therefore be it resolved that the Valdosta State University Retirees Association

1. urges the Board of Regents to rescind the implementation of a defined contribution plan for retiree healthcare;

2. urges the Board of Regents to consult widely with the retirees of the University System to devise new ways of controlling healthcare costs without disadvantaging retirees.

A considerable discussion took place regarding this resolution. Dennis noted that if this resolution were to be supported by this body, the line "Therefore be it resolved that the Valdosta State University Retirees Association" would be changed to substitute the USG Retiree Council for the Valdosta State University Retirees Association. He explained that the Retiree Association at VSU was in strong support of the resolution. Anne also reported that her colleagues in the Association for Retired Faculty and Staff (ARFS) at UWG and other colleagues currently actively employed at UWG have read the resolution and consider it an accurate reflection of their views because of numerous reservations and concerns they have about the proposed healthcare change.

Richard Baringer said he thought it might be more successful to modify the resolution rather than send it in its present form since it says we don't want the System to do what it is already going to do anyway.

Dennis Marks maintained that we have been asked to serve as consultants to the USG about what retirees think about such matters. He didn't see it as negative to support the resolution if members of the Council actually thought the change should not happen. He said we all recognize the change in question is a "moving train," but as he mentioned earlier to Vice Chancellor Fedrick, there might be a possibility for the Board to make this an optional rather than a mandated change. He noted that the BOR has the authority to amend or rescind whatever it has proposed in the past.

Richard Baringer asked about the possibility of inserting a statement asking for the change to be optional rather than required.

Andy Smith mentioned that what was particularly disturbing about the proposed change in healthcare, was that, for the first time, retirees are being treated differently than regularly employed faculty and staff, and this seems to be a matter of age discrimination.

Dorothy Zinsmeister said that if she voted yes on the resolution, it will be a vote just from her. People in her retiree organization have not had the time to consider this resolution. As a result, she was conflicted about supporting it. In addition, the USGRC bylaws state that we will be conferring with the Chancellor or his/her designee(s), but this document urges the BOR to rescind implementation of a defined contribution plan for retiree healthcare and to consult widely with the retirees of the University System. She said further that she did not think we want to be sending resolutions to the BOR.

Barbara Price: I supported this resolution wholeheartedly when it was first sent, but have reservations about it now.

Richard Baringer: What if we change where it is sent and add we view this as some sort of age discrimination?
Dennis Marks: I am comfortable with that. And with sending it to the Chancellor's Office.

Sharron Hannon: Our retiree association meets on Monday. A lot has been presented and discussed in this meeting and I believe additional feedback is needed from my association before I am ready to vote on this matter. She then encouraged a vote be delayed until next week to see exactly what the group would be voting on if it supported a revised form of the resolution.

The possibility was considered of tabling the motion until a specified date to insure all voices could be heard about a possible revised document. Dennis said he would be happy to amend the document to add concerns that had been raised at today's meeting.

Martha Wicker said the whereas statement about keeping future contributions constant might no longer be accurate, although it was pointed out that this was taken directly from the FAQ materials distributed by the USG. Dorothy Zinsmeister said she was unsure this is a given at this point.

Dennis Marks said he was comfortable having future discussions on the resolution and then voting on it by a specific date.

**MOTION (Baringer/Richards): to table the resolution in its present form and take an electronic vote by March 31, 2015 on a version of it revised by Dennis Marks.**

Martha Wicker said that all retirees in her retiree organization have heard about this issue is what they received in the mail thus far. She was not sure that members of her retiree organization could support the resolution until they heard what USG representatives have to say about proposed changes - and that isn't going to occur until April.

Dennis Marks noted that, as representatives of retirees, those on the USG Retiree Council have an obligation to disseminate what they have learned at today's meeting to their respective campuses, and get feedback about this.

A vote was then taken on the above motion, and it passed on a voice vote.

Dennis then asked for persons to get comments to him for revision as soon as possible. He also asked for confirmation that a copy of today's presentation by Marion Fedrick and Karin Elliott could be sent to all USG Retiree Council members electronically. This was confirmed. [Editor's note: See revised resolution at end of these notes.]

**VII. Next USGRC Meeting - month and location to be determined.**

A discussion took place regarding the best time and place for a next meeting of the USGRC. It was agreed that December should be avoided. Attention then focused on the possibilities of holding it in early November, or in September or October. Dorothy recommended September as the month.

Dennis Marks suggested the Doodle system be used to decide which date in September would be best.

So far as location was concerned, Anne Richards mentioned that the University of West Georgia would likely be willing to host the meeting, although that campus might not be considered a central location for many representatives. Bob McDonough offered to host the meeting at Georgia Perimeter College (Clarkston campus) and said it would be best to do so on a Friday afternoon. Dennis said consideration should be given to meeting in the Macon area as it was more centrally located in the state.
Dorothy Zinsmeister mentioned that the USG Faculty Council meets all day when it convenes a meeting, typically from 10 am to 4 pm. Other groups she has been a part of have met for an entire weekend. She asked what the group preferred as a meeting time. A couple of hours? A longer period of time?

Richard Baringer recommended that the nature of the agenda set the time allotted.

**VIII. Other Business**

Dorothy Zinsmeister noted that, during Vice Chancellor Fedrick's remarks today, mention was made of the fact that Dr. Valerie Hepburn had made the presentation to the Board of Regents about healthcare changes affecting retirees. At the time, Dr. Hepburn was a member of the Total Rewards Steering Committee. That Committee presently has no line of communication with the USGRC. Dorothy suggested, as a result, that someone from the USGRC serve on that committee. Even if such a person doesn't have expertise on healthcare matters, she maintained, he/she might be able to ask even naive questions that could prove meaningful, significant, and/or helpful.

Dennis Marks suggested that, as Chair of the USGRC, Dorothy make an appointment to that Committee on our behalf. John Derden supported this suggestion. Brahm Verma's name was mentioned as someone who might consider this. It was noted that, whoever serves on this committee should be prepared to "meet often" as a lot of the work of this committee is done prior to sending recommendations to the BOR and those on it have to be able to get to those meetings.

Teresa Joyce: We are really going to pitch to the Chancellor that the members of the USGRC be supported with financial support for travel to meetings.

Bob McDonough said that he lived locally and is available to attend meetings if needed.

Richard Baringer asked Teresa if she would let USGRC members know if she is successful in securing the financial support mentioned. Teresa agreed to do so.

Dorothy Zinsmeister called Council members' attention to the FYI note on the bottom of the Agenda for today's USGRC Council meeting - announcing the upcoming meeting of the Georgia Association of Higher Education Retirees Organization (GA-HERO) group, scheduled on Friday, April 24, 2015 at GSU's Indian Creek Lodge location (10:30 am.-1:30 pm). For more information, follow up with Dorothy or go to the GA-HERO website: ga-hero.org

Dorothy explained that this is an organization where information is shared with fellow retirees about what retiree groups are doing - around the state and the nation. She said she has learned a lot from these meetings. No dues are required to attend.

Dennis said that the Valdosta State University retiree organization is also a member of GA-HERO. Emory University's retiree organization has a strong role in the group as well. To be a voting member of the group, Dennis explained, your institution has to be a member of the national organization - Association of Retirement Organizations in Higher Education (AROHE). This costs $120/year. Dorothy said that belonging to AROHE is well worth the cost of $10/month. It includes retiree organizations from all over the country. The next meeting of this group is in Seattle in 2016. If persons are interested and can get their way paid, this would be a very important meeting to attend. She mentioned that she, herself, has gone to two meetings - one in Minnesota and one in Chapel Hill, NC. In both instances, her institution (Kennesaw) paid for part of the expenses and she paid the rest.

Bob McDonough expressed concern about a new bill moving through the state legislature (SB 152) providing for the transfer of membership between the Employees' Retirement and the Teachers Retirement System of Georgia. He said he had had difficulty understanding the content and
implications of the bill from reading through it and wondered what others had understood about it. Anne Richards said that she, too, had found its language incomprehensible, but the Professional Association of Georgia Educators (PAGE) provided a clear description of its (disturbing) implications. Bob asked if Anne would send those in the group a link to that description, and Anne agreed to do so. [SEE http://www.pageinc.org/news/217794/Contact-Legislators-Today-about-SB-152---Creating-Blended-Retirement-System.htm] It was noted that the passage of a bill like this requires a two year process, so there is time to evaluate its impact and make our views known about this. Jerry Derden said the issues reminded him of the time the System provided an opportunity for faculty/staff to make a switch from the TRS to the ORP retirement plan (the latter of which involved moving to TIAA/CREF). The market was doing great when the switch was proposed, but now many colleagues wish they could be in the TRS.

**Adjournment:** The meeting adjourned at approximately 1:50 p.m.

Respectfully submitted,

Anne C. Richards
Resolution Concerning
University System of Georgia
Retiree Healthcare Strategy

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 account which retirees will use to purchase coverage through market place exchange options outside of the USG healthcare plan;

Whereas a defined contribution plan places the fiscal risk of rising healthcare costs on the retiree rather than on the Board of Regents;

Whereas having each retiree select coverage from a number of options reduces the bargaining power of the University System of Georgia to negotiate a better price with competing insurance companies on behalf of all retirees;

Whereas most individual retirees do not have the expertise to evaluate numerous competing insurance options, while the University System of Georgia does have expertise available;

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

Whereas the University System of Georgia has made no decision as to whether future contributions will be constant year-to-year or will be indexed to keep up with healthcare cost inflation;

Whereas keeping future contributions constant puts increasing costs on the retirees in future years, while indexing future contributions to health care cost inflation conflicts with the Board of Regents’ goal of reducing costs;

Whereas the Board of Regents provides both a defined benefit retirement plan (TRS) and a defined contribution retirement plan (ORP) for current employees;

Whereas the Board of Regents continues to provide a defined benefit healthcare plan for current employees;

Whereas the employer portion of that defined benefit healthcare plan has declined over the years from about 80% to about 78% in 1998 to about 75% in 1999 to about 70% in 2008;

Whereas Regents Policy 8.2.9.4 provides for benefits continuation into retirement;
Whereas including retirees, who are generally older and sicker, in the same healthcare insurance pool as current employees, who are generally younger and healthier, is sound insurance practice;

Whereas providing a defined benefit healthcare plan for current employees but not for retirees may be evidence of age discrimination in compensation;

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

1. urges the Board of Regents to continue to offer the same defined benefit healthcare plan to retirees as to current employees past 2015;

2. urges the Board of Regents to set the employer portion of that defined benefit healthcare plan at at least 70%;

3. urges the Board of Regents to treat the defined contribution healthcare plan scheduled to start in 2016 as an option for retirees who so choose;

4. urges the Board of Regents through the Chancellor’s office to engage with the USG Retiree Council, representing retirees throughout the University System, in a two-way dialogue to promote and foster the welfare of System retirees and of the University System of Georgia.
University System of Georgia (USG) Medicare-Eligible Retiree Healthcare — 2016 Changes!

We want to inform you of some upcoming changes to your USG Medicare retiree healthcare plan. While the way in which we provide retiree healthcare coverage to USG Medicare-eligible retirees will be changing, it does not affect our commitment to offering you healthcare coverage. We consider our retirees to be key contributors to the continued legacy, growth, and foundation of the University System of Georgia.

What’s changing?
In 2016, secondary healthcare coverage for Medicare-eligible retirees will be provided through a retiree healthcare exchange option. As part of this change, USG will make contributions to a health reimbursement account, which you can use to pay premiums and out-of-pocket healthcare-related expenses. There are no changes to your retiree healthcare coverage for 2015.

Who will be impacted?
All USG Medicare-eligible retirees will transition to the retiree healthcare exchange, effective January 1, 2016.

When will I receive more information?
USG will provide additional details throughout this process. In addition, Medicare and retiree healthcare exchange experts will be available to help you make well-informed decisions for your 2016 healthcare coverage.

Why is USG making this change?
This change is part of our commitment to offering a sustainable healthcare benefit for current and future USG Medicare-eligible retirees while saving on current and future retiree healthcare costs.

University System of Georgia Benefits
we provide · you decide
FREQUENTLY ASKED QUESTIONS (FAQS)

1. What is a retiree healthcare exchange?
   Retiree healthcare exchanges were developed in 2005. They provide access to all types of Medicare supplemental insurance (also known as “Medigap”), Medicare Part D prescription drug coverage, and Medicare Advantage plans from a variety of insurance companies. They also provide a “conierge” service of expert benefit advisors who help retirees select and enroll in plans based on their individual healthcare needs, budget, and location.

   A retiree healthcare exchange is a private exchange. It is different from public exchanges created by The Affordable Care Act that are run by either individual states or the federal government. This announcement is not connected to the public exchanges.

2. What is a health reimbursement account?
   A health reimbursement account is an account that can be used toward healthcare premiums or eligible out-of-pocket healthcare expenses. USG will contribute to this account to help eligible retirees and their dependents pay for healthcare. More information, including eligible expenses and allocation amounts, will be provided in upcoming communications.

3. If a Medicare-eligible retiree’s spouse is not Medicare-eligible, how will the coverage work in 2016?
   A non-Medicare-eligible spouse of a Medicare-eligible retiree will continue to obtain coverage through the University System of Georgia healthcare plan. The Medicare-eligible retiree will obtain coverage through the retiree healthcare exchange.

4. If a retiree’s spouse is Medicare-eligible but the retiree is not, how will the coverage work in 2016?
   The retiree will remain in the University System of Georgia healthcare plan and the retiree’s spouse will obtain coverage through the retiree healthcare exchange.

5. Is the retiree health insurance benefit being eliminated for Medicare-eligible retirees through this change?
   No. The retiree health insurance benefit is not being eliminated with this change. Instead, this change transforms the way the University System of Georgia will provide retiree healthcare coverage to its Medicare-eligible retirees and their Medicare-eligible dependents. The University System of Georgia will provide secondary coverage to retirees/dependents through a retiree healthcare exchange.

Aon Retiree Health Exchange is a trademark of Aon Corporation. USG has retained Aon to provide call center support.
Aon Retiree Health Exchange Transition: An Overview for the Retiree Advisory Group

March 6, 2015
heathcare costs
and future retirees while saving on current and future retiree
— To continue to offer a sustainable health care benefit for current

Why is USG making this change?

— USG will contribute to a Health Reimbursement Account (HRA) can

— Secondary health care coverage for Medicare-eligible retirees will
be provided through the Non-Retiree Health Exchange, effective

What’s changing?

Healthcare — 2016 Changes
USG Medicare-Eligible Retiree
Affordable Care Act
- Not associated with the public exchanges established under the
- Choose the coverage option that best meets their needs
- Get personalized, one-on-one support
- Compare coverage, carriers, and prices
- A private insurance marketplace where retirees can:

What is the Anon Retiree Health Exchange?

Anon Retiree Health Exchange
- All USG Medicare-eligible retirees will transition to the Anon Retiree
- Who will be impacted?

USG Medicare-Eligible Retiree

Healthcare - 2016 Changes
- Reilee Ambassadors orientation and training
- Transition website launch
- Preparation guide
- Reilee meetings at each institution

April:
- Meeting to learn more
- March 9: Announcement letter and survey, with an invitation to a
  announcement letter and online resources
  and in-person meetings, including home mailings, in-person meetings,
- There is a comprehensive plan to share information with retirees

What's next?

Healthcare - 2016 Changes
USC Medicare-Eligible Retiree
objectives and expectations, and communication plan

- Early April: Orientation and training session to review program

What’s next?

- Help shape the transition experience for fellow retirees
- An opportunity for retirees to influence the communication plan and
  moving to the Ann Retiree Health Exchange
- A forum to help USG connect more directly with retirees that are
  concerned or concerned
- A group of engaged and influential retirees who meet regularly to
  preview communiqués, provide feedback, and identify areas of

Retiree Ambassador Program