

**RESOLUTION CONCERNING UNIVERSITY SYSTEM OF GEORGIA
RETIREE HEALTHCARE STRATEGY**

Approved by GA Conference of AAUP at its Spring Conference Meeting Date: 3-28-15

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 marketplace exchange options outside of the USG healthcare plan;

Whereas this change was made in the absence of any prior warning to or outreach for consultation with the community of USG retirees, despite the fact that many were members of active retiree organizations based at institutions where they had formerly been employed;

Whereas retired faculty and staff from USG institutions are frequently called upon to provide expertise or assistance regarding numerous institutional operations, projects, and initiatives on a temporary, as-needed, or interim basis to the institutions where they were formerly employed or elsewhere in the state of Georgia;

Whereas retired faculty and staff from USG institutions continue to contribute to a wide variety of campus activities and events in the USG through the provision of financial or personal support;

Whereas a defined contribution plan places the fiscal risk of rising healthcare costs on the retiree rather than on the University System of Georgia;

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 as yet to the amount it will contribute to the Defined Contribution Healthcare Account;

Whereas the University System of Georgia 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 Board of 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;

Whereas providing a defined benefit healthcare plan for current employees but not for retirees may encourage current employees to delay their retirement, negatively impacting cost projections;

Therefore be it resolved that the Georgia Conference of the AAUP:

1. urges the University System of Georgia to continue to offer the same defined benefit healthcare plan to retirees as to current employees past 2015;
2. urges the University System of Georgia to set the employer portion of that defined benefit healthcare plan at at least 70%;
3. urges the University System of Georgia to treat the defined contribution healthcare plan scheduled to start in 2016 as an optional healthcare plan for only those retirees who choose to participate in it;
4. urges the University System of Georgia to index future contributions to any defined contribution healthcare accounts to keep up with healthcare cost inflation;
5. urges that Medicare-eligible active employees in the USG continue being covered by the USG healthcare plan;
6. urges the University System of Georgia to explore options to its existing healthcare policy and to share the data and cost-benefit analysis of such options with the University System of Georgia Retiree Council (USGRC) and University System of Georgia Faculty Council (USGFC) before decisions are made to implement any proposed changes;
7. urges the Chancellor and staff in the Chancellor's Office to engage with the USG Retiree Council, representing retirees throughout the University System of Georgia, in a meaningful and productive dialogue to seek win-win ways to both promote and foster the welfare of USG retirees and of the University System of Georgia.