

**MINUTES OF THE
BOARD OF COMMUNITY HEALTH MEETING**

February 25, 2009

The Board of Community Health conducted a conference call on February 25, 2009 to discuss a Resolution to revise Employer Rates for State Health Benefit Plan (SHBP) for Fiscal Year 2009. Board members participating in the call were Richard Holmes, Chairman; Ross Mason, Vice Chairman; Kim Gay, Secretary; Dr. Inman C. "Buddy" English; Raymond Riddle; and Archer Rose. DCH staff present were: Carie Summers, Chief Financial Officer, Nancy Goldstein, Chief, State Health Benefit Plan, Clyde Reese, General Counsel, Trudie Nacin, Deputy Chief, SHBP, and Alison Earles, Legal Counsel for the SHBP. The Fifth Floor Board Room at the Department of Community Health, 2 Peachtree Street, Atlanta, Georgia 30303, was available to anyone wishing to listen to the discussion. (A List of Attendees and an Agenda are attached hereto and made official parts of these Minutes as Attachments #1 and #2.)

Chairman Holmes called the meeting to order at 2:02 p.m. He asked Ms. Summers to give an overview of the revision to the Resolution. Ms. Summers said the reason the Department asked for a special called meeting instead of waiting for the regularly scheduled meeting is because the Governor released revised revenue estimates for state funds on February 17. He reduced his revenue estimates by about \$100 million and recommended to the General Assembly additional adjustments to the Amended Fiscal Year 2009 Budget in order to address this reduction in state revenue. Two adjustments to the Department of Community Health included utilizing some of the stimulus funding for the Medicaid program and adjusting the SHBP employer contribution rates for the remainder of FY 2009.

The proposed February resolution is similar to the resolution passed by the board in January 2009 and further reduces the employer contributions collected and made to the SHBP for the remainder of FY 2009 (March-June 2009). The reduction in revenue would place the SHBP in a deficit. In order to cover expenses, the SHBP would use the remaining cumulative aggregated fund balance for all of the funds of the SHBP in order to cover the annual revenue deficit created by the reductions in employer contribution rates. Ms. Summers said the actions set forth in the Resolution would not affect members' premiums; the changes affect the percent of payroll paid by state agencies and local boards of education paid on behalf of teachers.

The January resolution reduced employer contribution rates from 22% to 1.9% for state employees, and 18.5% to 8.5% for local boards of education on behalf of teachers. The revised February resolution reduces employer contribution rates from 1.9% to 0% for state employees and 8.5% to 3.68% for local boards of education. This would reduce the SHBP annual revenues by approximately \$128 million. As a result, the SHBP cumulative net assets would be reduced to \$154 million in FY 2009. Projected FY 2010 cumulative net assets would be about \$34 million (four days of expenditures), assuming that employer contribution rates are restored to 17.85% and 18.534% for state employees and teachers respectively. The FY 2008 cumulative net assets were \$472.9 million. Ms. Summers reiterated that the Plan is fully funded and all liabilities are covered.

Ms. Summers asked the Board for favorable consideration of the Resolution. Ms. Summers stated that since this is a special called meeting, rules require the Board to ratify the resolution at the next regularly scheduled meeting. She said approval of the Resolution today would allow state agencies and local boards of education to effect change in percent of payroll calculations for the March 1 payroll. In addition the State Accounting Office requires changes to be made no later than February 27 for the March payroll.

Mr. Holmes asked if the SHBP would return to normal contribution rates in the next fiscal year. Ms. Summers reminded the Board that employer contribution rates are set in the Appropriations Act. The FY 2010 Appropriations Act will provide those directions to agencies and specify the maximum contribution rates. The Department would then come back to the Board with a Resolution to set rates for FY 2010.

Mr. Riddle MADE a MOTION to adopt A Resolution – Revision of Employer Rates for State Health Benefit Plan for FY 2009. Mr. Rose SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY ADOPTED. (A copy of Resolution - Revision of Employer Rates for State Health Benefit Plan for FY 2009 is attached hereto and made an official part of these Minutes as Attachment # 3).

There being no further business to be brought before the Board, Chairman Holmes adjourned the February 25 meeting at 2:17 p.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE _____
DAY OF _____, 2009.

RICHARD L. HOLMES
CHAIRMAN

KIM GAY
SECRETARY

Official Attachments:

- #1 List of Attendees
- #2 Agenda
- #3 Resolution - Revision of Employer Rates for SHBP for FY 2009