A RESOLUTION

State Health Benefit Plan Annuitant Subsidy Policies

WHEREAS, the State Health Benefit Plan (the "SHBP") is comprised of three health insurance plans, each supported by its own fund: 1) a plan for State employees (O.C.G.A. § 45-18-2), 2) a plan for teachers (O.C.G.A. § 20-2-891), and 3) a plan for non-certificated public school employees (O.C.G.A. § 20-2-911); and

WHEREAS, O.C.G.A. §§ 45-18-14, 20-2-892, and 20-2-920 provide that the Board prescribes the amount of contributions required to be paid by covered annuitants; and

WHEREAS, O.C.G.A. §§ 45-18-2(b), 20-2-885(c) and 20-2-915(c) provide that coverage under the State Health Benefit Plan shall be subordinated to coverage available to covered retirees who are eligible to participate in the insurance program operated by or on behalf of the federal government under the provisions of 42 U.S.C.A. 1395, commonly known as Medicare; and

WHEREAS, the Board desires to announce its intent to follow its current subsidy policy for current annuitants and their dependents, which is to provide a subsidy similar to an active employee's subsidy for covered annuitants who are either ineligible for coverage under Medicare or are enrolled in a Medicare Advantage option, but otherwise to provide no subsidy; and

WHEREAS, in order to support the ongoing financial stability of the SHBP, the Board desires to announce its intent to adopt a new subsidy policy for future covered annuitants that ties any coverage subsidies to years of retirement service for those future annuitants; and

WHEREAS, the Board desires to designate the current subsidy policy for annuitants as the "Annuitant Basic Subsidy Policy" and identify those individuals to whom the Annuitant Basic Subsidy will apply; and

WHEREAS, the Board desires to adopt a new subsidy policy for annuitants and their dependents, which will provide a subsidy in an amount tied to years of retirement service for those covered annuitants who are either ineligible for coverage under Medicare or are enrolled in a Medicare Advantage option, but otherwise to provide no subsidy; and

WHEREAS, the Board desires to designate the new annuitant subsidy policy as the "Annuitant Years of Service Subsidy Policy," and identify those individuals to whom the Annuitant Years of Service Subsidy Policy will apply; and

WHEREAS, it is necessary for the Board to announce its intent to set future contributions in accordance with these Annuitant Subsidy Policies in order for Other Post Employment Benefit ("OPEB") liability projections to reflect these policies; and

WHEREAS, actual member premiums are set by Board resolution in accordance with applicable law and revenue and expense projections, and may be changed prospectively by resolution in order to maintain the financial stability of the SHBP; and

WHEREAS, the Board desires to clarify that the announcement of the Annuitant Basic Subsidy Policy and the Annuitant Years of Service Subsidy Policy does not constitute a promise or contract of any kind; and

WHEREAS, the Board desires to clarify that the Annuitant Basic Subsidy Policy and the Annuitant Years of Service Subsidy Policy will not apply when applicable law establishes the methodology for setting premiums;

NOW, THEREFORE, BE IT ORDERED THAT: the Board adopts the Annuitant Basic Subsidy Policy attached as Exhibit A; and

NOW, THERERORE, BE IT FURTHER ORDERED THAT: the Board adopts the Annuitant Years of Service Policy attached as Exhibit B; and

NOW, THEREFORE, BE IT FURTHER ORDERED THAT the Department shall calculate OPEB liabilities associated with the SHBP in a manner that reflects the Annuitant Subsidy Policies attached as Exhibits A and B; and

NOW, THEREFORE, BE IT FURTHER ORDERED THAT: the Department shall prepare and facilitate the delivery of communications regarding the Annuitant Subsidy Policies attached as Exhibits A and B; and

NOW, THEREFORE, BE IT FURTHER ORDERED THAT: the Department shall include in any written description of Annuitant Subsidy Policies the following statement: "The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution, and does not constitute a contract or promise of any amount of subsidy."

Resolved this 8th day of December, 2011, in public session.

Ross Mason
Chairman

Archer Rose
Secretary

Board of Community Health
State Health Benefit Plan
Annuitant Basic Subsidy Policy

Definitions:

Active Employee means an individual who is eligible for the SHBP as a result of his or her current employment.

Annuitant means an individual who is eligible for the SHBP as a result of his or her receipt of a monthly annuity from a retirement system.

Dependent means an individual who is eligible for the SHBP as a result of his or her relationship to an Annuitant.

Medicare Advantage Option means an SHBP Option that is approved through the Centers for Medicare and Medicaid Services (CMS) as a Medicare Advantage plan under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 and federal regulations thereunder.

Subsidy Percentage means the percent of the cost of coverage that is not paid by the Annuitant.

Years of Service means years of service as calculated under the retirement plan from which the individual receives an annuity.

Applicability:

This Annuitant Basic Subsidy Policy does not apply to any individual whose premium must be established in accordance with a specific law. This Annuitant Basic Subsidy Policy applies to:

- Individuals who are Annuitants enrolled in the SHBP on January 1, 2012
- Individuals who are Annuitants enrolled in the SHBP and who were Active Employees with five or more Years of Service on January 1, 2012
- Individuals who are Annuitants enrolled in the SHBP and who, on January 1, 2012, were not Annuitants, but were enrolled in the SHBP as former employees entitled by law to extend SHBP coverage

Annuitant Basic Subsidy Policy:

With respect to Annuitants to whom this Annuitant Basic Subsidy Policy applies, the Board will set Annuitants' coverage premiums in a manner that reflects subsidies in accordance with the following chart.

	Annuitant Basic Subsidy Percentage	Dependent Basic Subsidy Percentage
Medicare eligible Annuitant enrolled in Medicare Advantage Option	A percentage that results in a subsidy value that is similar to the subsidy offered to an Active Employee	A percentage that results in a subsidy value that is similar to the subsidy offered to a Dependent of an Active Employee
Medicare eligible Annuitant not enrolled in Medicare Advantage Option	0% - No subsidy	0% - No subsidy
Annuitant not yet eligible for Medicare	Same as subsidy offered to an Active Employee	Same as subsidy offered to the Dependent of an Active Employee

Board of Community Health
State Health Benefit Plan
Annuitant Years of Service Subsidy Policy

Definitions:

Active Employee means an individual who is eligible for the SHBP as a result of his or her current employment.

Annuitant means an individual who is eligible for the SHBP as a result of his or her receipt of a monthly annuity from a retirement system.

Dependent means an individual who is eligible for the SHBP as a result of his or her relationship to an Annuitant.

Medicare Advantage Option means an SHBP Option that is approved through the Centers for Medicare and Medicaid Services (CMS) as a Medicare Advantage plan under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 and federal regulations thereunder.

Subsidy Percentage means the percent of the cost of coverage that is not paid by the Annuitant. When greater than zero, the Subsidy Percentage reflects an average subsidy, and will vary based on coverage option.

Years of Service means years of service as calculated under the retirement plan from which the individual receives an annuity.

Applicability:

This Annuitant Years of Service Subsidy Policy applies to individuals who are Annuitants enrolled in the SHBP and who did not have five Years of Service on January 1, 2012. However, this Annuitant Years of Service Subsidy Policy does not apply to any such individual whose premium must be established in accordance with a specific law.

Annuitant Years of Service Subsidy Policy:

With respect to Annuitants to whom this Annuitant Years of Service Subsidy Policy applies, the Board will set Annuitants' coverage premiums in a manner that reflects subsidies in accordance with the following chart.

	Annuitant Years of Service Subsidy Percentage	**Dependent Years of Service Subsidy Percentage**
Medicare eligible Annuitant not enrolled in Medicare Advantage Option	0% - No subsidy	0% - No subsidy
Annuitants enrolled in Medicare Advantage or not yet eligible for Medicare – based on Years of Service	See below.	See below.
30 or more Years of Service	75%, but no greater than the Subsidy Percentage offered to an Active Employee	55%, but no greater than the Subsidy Percentage offered to an Active Employee's Dependent minus 20%
29	72%	53%
28	69%	51%
27	66%	49%
26	63%	47%
25	60%	45%
24	57%	43%
23	54%	41%
22	51%	39%
21	48%	37%
20	45%	35%
19	42%	33%
18	39%	31%
17	36%	29%
16	33%	27%
15	30%	25%
14	27%	23%
13	24%	21%
12	21%	19%
11	18%	17%
10	15%	15%
Fewer than 10	0% – No subsidy	0% – No subsidy