

**USG Retiree Council Meeting
October 23, 2015
Middle Georgia State College
Foundation Board Room (Student Life Center)
10:00 AM—2:00 PM**

Participant List

Attending in Person:

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

Attending via Telephone:

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

Not Attending:

1. Jerry Turner—Gordon
2. Robert Marsh--Faculty Council rep
3. Patsy Hembree—ABAC
4. Julie Weisberg—GGC
5. Levy Youmans—MGSU
6. GHC, Armstrong, Columbus, SSU

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AGENDA

- | | | |
|-------|--|---------------------|
| I. | Welcome | Teresa Joyce |
| II. | Introductions and Roll Call | |
| III. | Approval of the Minutes of the May 21, 2015 USGRC Meeting | Barbara Price |
| IV. | August 2015 Presentation to the USG Board of Regents: Goals for 2016 Health Plan | Marion Fedrick |
| V. | Medicare Eligible Retiree Healthcare: Update on Enrollment Process and Data on Progress | Karin Elliott |
| VI. | Working Lunch | |
| VII. | Report of USGRC Communication Committee | Dennis Marks |
| VIII. | Council Membership Update | Dorothy Zinsmeister |
| IX. | Other Business | Dorothy Zinsmeister |
| X. | USGRC Spring Meeting | Dorothy Zinsmeister |
| | A. Month and Location to be Determined | |
| | B. Election of Officers | |
| | C. Issues for Consideration | |

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



PERSONNEL & BENEFITS COMMITTEE

Marion Fedrick
Vice Chancellor of Human Resources
August 12, 2015



Agenda

- Goals for the 2016 Health Plan
- 2016 Plan Changes Summary
- 2016 Proposed Premiums
- Medicare Eligible Retirees



Goals for the 2016 Health Plan

- Evaluate 2015 contract and plan implementations
- Control pharmacy costs
 - 19% increase 2013-2014
 - 10% projected increase in 2015
 - 11% projected increase in 2016
- Continue moving to defined contribution pricing model



2016 Proposed Plan Changes

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



Recommended 2016 Premiums

Active Employees and Pre-65 Retirees

| Employee Monthly Premium | Blue Cross Blue Shield of Georgia (USG Self-Insured Coverage) | | | Kaiser |
|--------------------------|--|--------------------|----------------|--------|
| | Consumer Choice HSA | Comprehensive Care | BlueChoice HMO | HMO |
| Employee | \$74 | \$173 | \$188 | \$149 |
| Change over 2015 | \$12 | \$3 | \$12 | \$6 |
| Employee + Child | \$132 | \$310 | \$337 | \$267 |
| Change over 2015 | \$22 | \$5 | \$22 | \$10 |
| Employee + Spouse | \$153 | \$362 | \$393 | \$312 |
| Change over 2015 | \$25 | \$6 | \$25 | \$12 |
| Family | \$211 | \$501 | \$543 | \$431 |
| Change over 2015 | \$35 | \$9 | \$35 | \$17 |

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Affordable Care Act 2018 Excise Tax

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

What's important to know?

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



2016 Medicare Eligible Retiree Plan

- **Primary Coverage (80%)** - Medicare Parts A & B
- **Supplemental Coverage (20%)** - Purchased from the Aon Retiree Healthcare Exchange, a private retiree health exchange

USG will assist retirees in selecting and paying for their Supplemental Coverage (20%)



Medicare Eligible Retirees Selecting and Paying for Coverage

- Retiree
 - Meets with Aon Benefit Advisor to select best coverage
 - Selects coverage from Aon Retiree Health Exchange
 - Pays premiums for coverage each month
- University System of Georgia
 - Provide funds towards premiums
 - Funds from USG are deposited into a Health Reimbursement Account (HRA)
 - Retiree uses money from HRA to reimburse themselves for a portion of the premiums and/or out-of-pocket healthcare costs



Medicare Eligible Retirees USG Funds to HRA

- Funding recommendation based on:
 - Retiree's spend for healthcare coverage relatively the same for 2016
 - No increase in BOR cost for retiree healthcare in 2016; 2015 spend at \$43.3M
- USG Funds to HRA
 - \$2,736 annual amount/\$228 monthly



Medical Eligible Retirees

What this means for Retirees

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

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

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

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Medicare Eligible Retirees Health Reimbursement Account

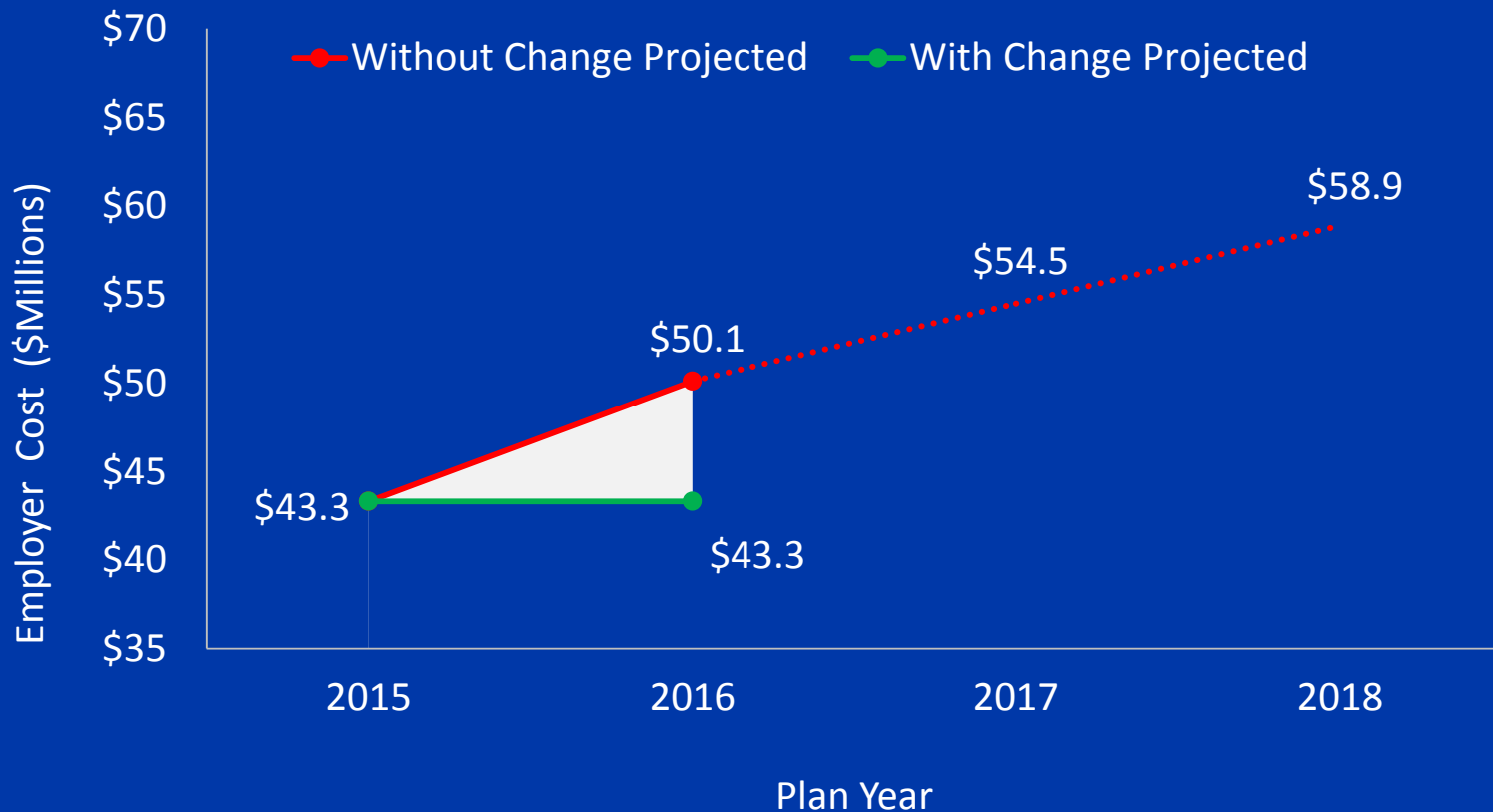
HRA Details

- Retiree must purchase coverage through Aon Retiree Health Exchange to receive USG funds in their HRA
- USG funds the HRA for the full year on January 1
- Funds unused at the end of the year, roll over from year to year
- Eligible reimbursement expenses include:
 - Insurance premiums and out-of-pocket healthcare costs
 - Medicare part B premiums



Medicare Eligible Retirees

What this means for USG



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

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Medicare Eligible Retirees Communications

- Fall enrollment informational meetings will be held at all 30 institutions
- One-on-one telephonic enrollment sessions
- Extended Open Enrollment – October 1 thru Dec. 31
- Working with retiree advisors for feedback
- USG Retiree Advisory Council
 - Advise system office on retiree engagement



Questions?