GSRA Newsletter

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GSRA 2012 Annual Meeting
See you October 17th!
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SHBP Members Pay Most of Medical Increased Cost

Given that the State Health Benefit Plan premiums are increasing from "0" to 41% effective January 1, 2013, and the Department of Community Health has increased members' out-of-pocket expenses again in 2013, it is a good time to review the SHBP objectives and strategies outlined on October 11, 2007 for years 2008-2012. Historical actions, benefit changes, premium increases, costs, and funding are reviewed with the conclusion that members have borne most of their increased medical cost.

In 2007, the DCH consultant—Aon Consulting, Inc.—projected that with the recommended strategy, the SHBP would save $835 million during the 5-year period—reduce plan expenses from the projected $4.16 billion to $3.83 billion by the end of 2012, and reduce the cost per employee/retiree. Without changes and a 2% assumed membership growth, the projected per employee/retiree benefit cost would increase at a rate of 9.3% per year or from $7,751 in 2008 to $11,074 in 2012. However, with the implementation of the consumer driven strategy, the cost per employee/retiree could be reduced to $10,203

The DCH objective was to reduce the growth rate of 9.3% to no more than 7.2% per year per employee/retiree by encouraging enrollment in consumer driven health plans (CDHPs). The objective could be reached by:

- Offering two statewide health plan vendors,
- Offering 5 options (PPO, HMO, two CDHPs—HRA & HDHP—and Medicare Advantage),
- Integrating pharmacy with medical,
- Increasing the actuarial benefit value of the CDHP options by 1% each year,
- Adding consumerism features to the HMO & PPO options each year to reduce actuarial value by 2% each year, and
- Pricing premiums to incent members to enroll in CDHP plans.

Major Actions Taken by DCH-2009-2013

DCH pursued each of these strategies along with others as conditions changed. A summary of the major SHBP changes is shown below.

In 2009: United Healthcare and CIGNA were chosen to offer 5 options, including the new CDHP options—HRA and HDHP, and changed the coverage tiers to four for active members. Member premiums increased by 10%.

In 2010: Kaiser HMO was eliminated and Medicare retirees were required to enroll in a Medicare Advantage Plan to receive any premium subsidy. Member premiums increased by 10%.

In 2011: the PPO/OAP option was eliminated, enrollment tiers for retirees under age 65 were changed from two to four, and employee premiums were priced to encourage enrollment in CDHP options. The Affordable Care Act required that dependent children under age 26 be permitted to enroll in the parent's coverage, and that all life-time maximum benefits and pre-existing condition limitations be eliminated. Member premiums were increased by 10% plus an extra amount for adding dependents to the coverage.

In 2012: wellness options were added to the HMO, HRA, and HDHP options and premiums priced to encourage enrollment in wellness options. The cost and copays for prescription drugs were removed from the HRA combined out-of-pocket maximum. Member premiums increased 11% or 17% (Medicare Advantage Premium increased at 28%).

In 2013: employee premiums are differentiated by vendor and substantial subsidies applied to the "wellness"

options. Premium increases range from "0" to 41%, depending upon vendor, coverage tier and option.

Changes in Plan Benefits –2009-2013

During the 5-year period many benefit changes have been made, including options deleted and options added. It is difficult to compare the plan benefits during this period except by the members' deductibles, copays and out-of-pocket maximums. In 2008, the prevalent option was the PPO/OAP, which was eliminated in 2011, making the HRA the most prevalent option in 2012. Table A shows the major member cost changes over the time period.[1]

Member Benefit Cost Changes(select years)- A[2]					
	2008	***2010***	***2012***	***2013***	***5 (4) yr. %***
PPO Ded.	$500	1,000	NA	NA	
PPO OOP	1,500 plus copays	2,000 plus copays	NA	NA	
HRA Ded.	1,000	1,100	1,300	1,600	60%
HRA Credit	500	500	500	500	
HRA OOP	2,000	2,500	3,000	4,000	100%
HRA % co-insurance	90%	85%	85%	85%	**-5%**
HRA Rx	Incl. in Deduc-tible.	Incl. in Deduc-tible	15%/ 25% copay	15%/ 25% copay	
MAP OOP		1,000	3,500	3,500	250%
MAP Copays		$20/25/ 95	25/30/ 95	25/30/ 95	
MAP IP Copay		$190 for 1st 4 days	20%	20%	
MAP Rx Copay		$10/25/ 50	$15/ 45/85	$15/ 45/85	

Table A reflects the UHC, "Wellness" option, which has a lower out-of-pocket maximum than the Standard option. In addition, the HRA Standard option credit was reduced from $500 to $375 in 2012 and will be reduced to $150 in 2013.

Over the 5-year period (2008-2013), the deductible for the prevalent option (PPO/HRA) has increased by 60%, the out-of-pocket maximum has increased by 130% and the 15%/25% copays for prescription drugs is no longer included in the HRA out-of-pocket maximum.

Retirees under age 65 have experienced the same increases as active members; however, annual out-of-pocket costs for retirees age 65+ have increased from pre-MAP of about $140 to $3,500 plus prescription drug copays.

Premium Increases

In 2009, the SHBP member premiums were changed from two-tiered to a four-tiered basis. In 2013, DCH rebalanced the premiums to more accurately reflect the cost of each tier and increased the family premiums substantially.

SHPB Member Premiums (select years) **B**					
	2008	**2009**	**2012**	**2013**	**5 (4)-yr Increase**
Member	$76.26	86.10	76.46	94.92	**25%**
Member + Child		243.70	239.26	246.26	**1%**
Member + Spouse		253.20	233.64	261.66	**3%**
Family	$236.88	262.80	253.86	350.86	**48%**
MAP – Mbr		17.50	23.61	25.38	**45%**
MAP-Family		35.00	47.22	50.76	**45%**

Table B shows premiums in 2008 and 2009 for the PPO—most prevalent option—and premiums in 2012 and 2013 for the HRA Wellness option—most prevalent option. To calculate percentage increases for actives and under-age 65 retirees, the premiums are based on the UHC rates and the "wellness" options.

- The member only rate is 25% greater in 2013 than in 2008 while the family rate is 48% greater in 2013 than in 2008.
- MAP premiums have increased 45% in 4 years; however, these rates are in addition to the minimum 2012 (2013 rate not available) Medicare premium of $99.90 per month for each individual covered.

[1] Not every year is charted – years illustrate the change in the prevalent options.

[2] PPO is preferred provider organization, OOP is out-of-pocket, HRA is the Health Reimbursement Account, MAP is Medicare Advantage Plan.

- Although the HMO rates are not shown in the table, these premiums have increased by 78%/73% from $78.26/$238.88 to $139.38/413.86.

For those members who chose not to enroll in a "wellness" option, the percentage increase is greater than reflected in the Table. On the other hand, those members who select one of the CIGNA options (in 2013) will experience a lesser increase than reflected above.

Member Dollar (Percentage) Impact

Each member's out-of-pocket expense is different depending upon the severity and continuous nature of illnesses to the individual and/or the family. The premium dollar increase from 2008 to 2013 for each is:

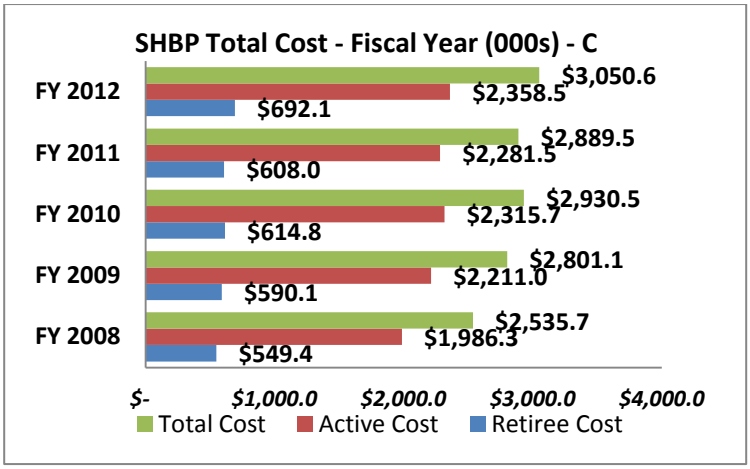
Active & Retiree under age 65	
Member Only	$ 200
Family	$1,368
Medicare & Retiree age 65+ (SHBP Only)	
Member only	$ 95
Member & Spouse	189

When adding the maximum exposure of increased out-of-pocket medical cost to the increased premium cost, the 2013 annual impact on an average $35,000 salaried member equals to a salary reduction of 6% (member only coverage) and 15% (family coverage). These percentages do not include the cost of drug copays. Of course, some members are healthy and will not experience medical expense at the maximum exposure; however, many will reach this amount, especially with prescription drug copays added to the mix.

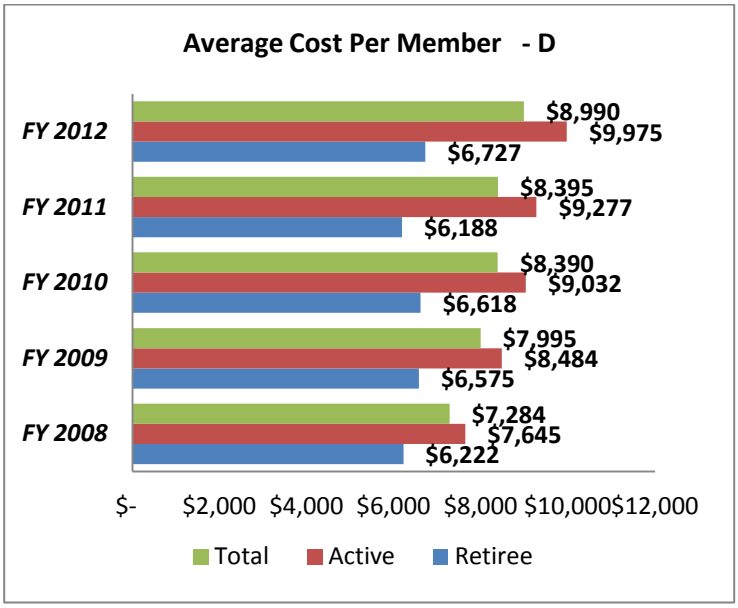
For retirees age 65+, the maximum exposure for increased out-of-pocket cost during the 2013 period on an average $30,000 retirement income is equivalent to a reduction of 8%(member only) or 16% (retiree & spouse) in retirement income.

SHBP Total and Per Member Costs

DCH through AON Consulting projected benefit cost to increase from $2.69 billion in 2008 to $4.16 billion in 2012 and the cost per employee/retiree would increase from $7,751 in 2008 to $11,074 in 2012 unless changes were implemented. Chart C shows total costs for FY 2012 at $3.05 billion--$1billion less than projected, but with major reductions in benefits.



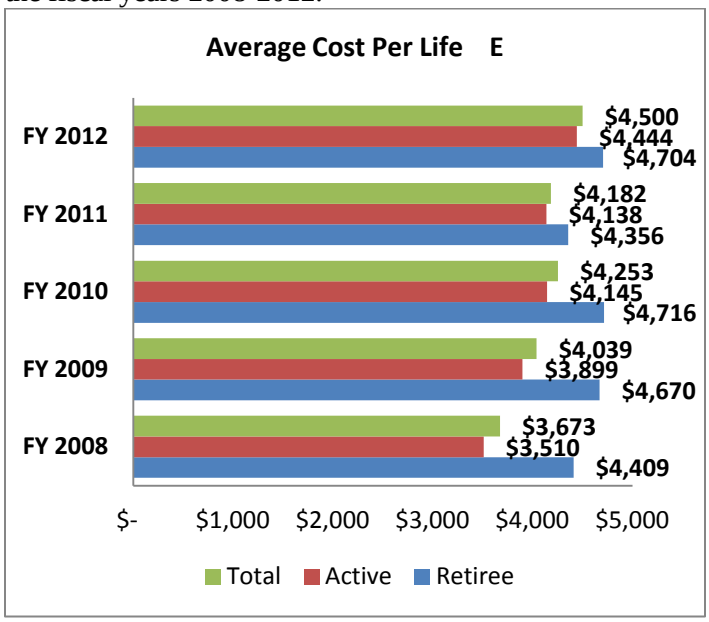
The cost per active and retired member is reflected in the Chart D.[3]



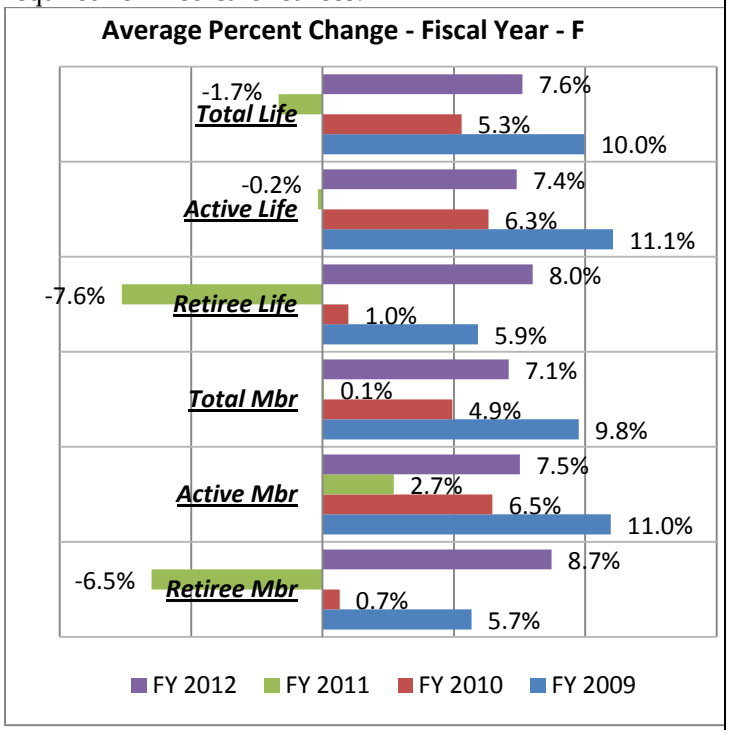
AON Consulting projected that the average per employee/retiree cost with implementation of the recommended changes would rise from the $7,730 in 2008 to $10,203 in 2012.[4] The actual per member total cost is about 12% less than that projected in 2007. However, the 12% lesser cost per member can be attributed more to the benefit reductions, which have occurred each year, than the strategy changes.

[3] The average number of members is not as precise as that calculated for each month, but is calculated based on membership enrollment averages for the beginning, middle, and end of the fiscal year. Therefore, other cost calculations for member will differ—not substantially, but by a small percentage.
[4] Ibid.

Chart E shows the cost per life (person covered) for the fiscal years 2008-2012.

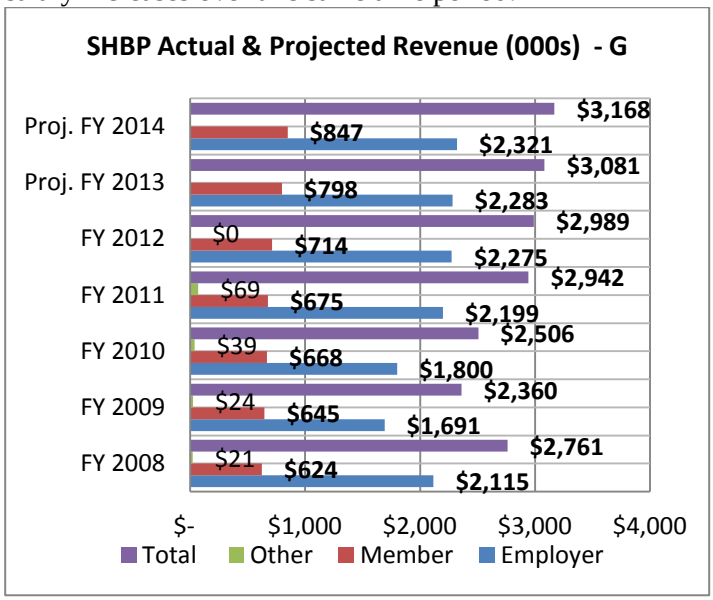


The percentage change in the cost per member and per life is shown by chart "F". In FY 2011, the average cost per retiree member decreased by 6.5% and per retiree life decreased by 7.6%, primarily as a result of the change required for Medicare retirees.



SHBP Revenue Comparison

A comparison of the actual & projected revenue is displayed in Chart G. Although the employer's cost as a percentage of salary fluctuated to require the use of all SHBP reserves, the projected employer dollar amount is projected to increase by only 10% from FY 2008 to FY 2014. On the other hand, the member revenue is projected to increase by 36% between 2008 and 2014. Although the employers' percentage paid on salary has increased for the state departments and teachers, the dollars have not substantially increased. This fact is assumed to be a result of a reduced number of active employees/teachers, higher salaried employees/teachers retiring, and limited—if any—salary increases over this same time period.



The bottom-line result of this analysis is that the members have borne the greatest percentage of their increasing medical cost through premium increases and benefit reductions. DCH has made a significant number of changes, but mostly to shift the cost to you as members.

GSRA appreciates the SHBP benefits, but it is also concerned for all of the members and what will be required of the members in the upcoming years. GSRA would like to see more transparency in the "policy-making" decisions about the SHBP. DCH simply announces the decisions without discussion or rebuttal. You are encouraged to express your concerns about cost and changes to the SHBP to your elected officials. In a time of such negative press about "overpaid" public employees, you should be especially conversant about the loss of pay because of the SHBP premium and out-of-pocket increases while receiving limited salary/retirement increases, if any.

UHC Introduces 'HouseCalls' for Medicare Advantage Members

UnitedHealthcare is now offering its HouseCalls service to select participating State Health Benefit Plan retirees. Through this service, health care practitioners – nurse practitioners and physicians – visit with members to assess their health needs and discuss personal health concerns.

What to Expect

If you are selected for a HouseCalls visit, here are some of the things you can expect:

- You will have a physical assessment, which may include a health history, medication review, blood pressure or blood glucose screening to help identify important health risks
- You will be able to discuss your health concerns one–on-one with the practitioner and ask questions
- You will receive help in identifying any important health concerns to discuss with your doctor
- You will get advice from the practitioner on what to ask your doctor at your next visit

How it Works

If you are selected for a HouseCalls visit, you will receive a letter and phone call from UnitedHealthcare. Once your HouseCalls visit is scheduled, you may receive a reminder call and/or postcard prior to the appointment with the name of the health care practitioner who will be visiting you.

A licensed health care practitioner contracted with UnitedHealthcare will perform your HouseCalls visit. All of the health care practitioners have received specialized training in the health care needs of qualified members, such as geriatrics and chronic illness management.

At the end of your visit, you will receive an "Ask Your Doctor" form to bring to your next regularly scheduled doctor visit. It will include a checklist of personal health topics to discuss with your doctor. In addition, your primary care provider will receive a follow-up letter with your assessment results, including any potential concerns the HouseCalls health care practitioner has identified for further discussion or follow-up.

This personal, no-cost visit is part of the added services UnitedHealthcare provides to help you live a healthier life and is meant to support the care you receive from your doctor(s). More than than 300,000 HouseCalls visits have been conducted with UnitedHealthcare members since 2008, and 98% of members surveyed are satisfied with their HouseCalls experience.[5] A HouseCalls visit does not replace your regular doctor visits, annual wellness exams, or the care received through your primary care physician.

HouseCalls assessment results are used by UnitedHealthcare in ongoing efforts to coordinate care with your doctors. This may include identifying any gaps in treatment, health education needs, or recommending additional preventive services.

Selection for a HouseCalls visit is currently based on local practitioner availability and complexity of health care needs, such as some individuals with multiple chronic conditions. All Medicare Advantage enrolls will be selected as time and resources permit. Housecalls is a voluntary program and if you feel that it would not be beneficial, then you may refuse to participate. For some members, especially the homebound, this service is very beneficial and is strongly encouraged as these visits have proven effective in reducing hospitalizations as part of an overall care management program for Medicare beneficiaries with chronic conditions.[6]

If you have questions or are interested in setting an appointment for a HouseCalls visit, please call **1-866-686-2504, TTY 711** Monday through Friday, 8am to 7:30 pm EST; Saturdays 8am to 6:30pm EST.

[5] DSS Research, May 2012, UnitedHealthcare Member Research; Sample size: 1,333

[6] Cohen, R., Lemieux, J., Mulligan, T., Schoenborn, J. (2012) Medicare Advantage Chronic Special Needs Plan Boosted Primary Care, Reduced Hospital Use Among Diabetes Patients. *Health Affairs,* 31(1): 110-119, Sample size:36,000

DON'T FORGET --- ELECTIONS ARE ALMOST HERE!

We hope you have identified political candidates – particularly those running for legislative seats -- who best represent your points of view, have already made yourselves known to them and been participating in their campaigns. If not, it is not too late to do so. Here again are the websites for the Office of the Georgia Secretary of State, where you can find out how to contact the candidates in both local and statewide races:

First, to find your house and senate districts: http://www.sos.georgia.gov/MVP/Login.aspx
Then, to see who has qualified to run in each race:

- State Senate: http://qual.sos.ga.gov/QualifyingSearchResults.asp?RaceID=4
- State House: http://qual.sos.ga.gov/QualifyingSearchResults.asp?RaceID=2

Don't use a computer? No problem! Just call the Secretary of State's Office, Elections Division, at **404 656-2871** to get information on how to contact the candidates to let them know of your concerns about health insurance and pension benefits promised to state government retirees.

Don't sit on the sidelines this important election year!

Local Chapter News

ERS Board Chairman Harold Reheis, NW Metro President Jim Sommerville and NW Metro member Kathleen Gooding

Northwest Metro

Northwest Metro local chapter held its quarterly meeting on 8/8/12, with Harold Reheis, Chairman of the ERS Board of Trustees, the featured speaker. Approximately 70 members were in attendance to hear Mr. Reheis, who is an ERS retiree, has been on the ERS Board of Trustees for 4 years and has just been appointed by Governor Deal to a second 4-year term.

Mr. Reheis presented an overview of the current status of the ERS Retirement Fund and the challenges to keep it fiscally sound, e.g. the expanding ratio of retirees to current employees, longer life spans of retirees, heavy investment losses in 2008 – 2009, slower payroll growth, and a tight state government budget. All these factors are considered by the ERS Board when determining a COLA for retirees. Mr. Reheis said it is probable that no COLA's for ERS retirees would be granted for a few more years and that it is not fair or appropriate for retirees to receive COLA's when active employees are not getting them and until the economy improves. Mr. Reheis also stated that the law setting up the ERS Retirement Fund established a contract and that the state government requires agencies to make sufficient contributions to keep it balanced, noting that Employer contributions will have to increase during the next 5 fiscal years and a 3.3% increase for FY2013 has already been funded. An increase of 3.6% will be requested for FY2014.

Turning to alternative investments, Mr. Reheis said Georgia is the 50th state to allow alternative investments using state government retirement funds. He pointed out that the law was written with strict limits (1% of the total fund assets annually and capped out at 5% total) and noted he is optimistic regarding its impact on the ERS Retirement Fund.

New Members in June/July/August

Name	County	Name	County	Name	County
June		Gerard Roets	Gwinnett	Donna Burns	Cobb
Carolyn Allen	Oconee	Mark Smith	Coweta	Rhonda Cannon	Henry
Jim Anderson	Fulton	Margaret Snyder	Greene	Helen Chandler	(Alabama)
Sandra Bennett	Jones	Fred Stephens	White	Brenda Clark	Telfair
Tex Bentley	Dodge	Stephen Strickland	Walton	Terry Cole	Clayton
Lester Boyd	Fulton	Evelyn Sumner	Screven	Bonnie Collier	Meriwether
James Buchanan	Muscogee	Amanda Taylor-Rodriquez	Rockdale	James Corbett	Pike
Robert Callier	Laurens	Gina Tiedemann	Cobb	Gayle Cranshaw	Meriwether
Robert Cato	Cobb	Kathryn Webb	Gwinnett	Lester Farr, Jr	Laurens
Janice Cheek	Laurens	**July**		Gelane Hamilton	Cobb
Susan Coursey	Burke	Freida Armstrong	Rockdale	Kimberly Hamilton	Bartow
Delphenia Davis	Dekalb	Mark Beebe	Cobb	Brian Hampton	Fulton
Paula Dixon	Laurens	Martha Cooper	Burke	Barbara Jackson	Dekalb
Linda Dominy	Laurens	Jimmy Evans	Peach	Jay Jarvis	Floyd
Julie Driger	Laurens	Sharon Evans	Dekalb	Diane Johnson	Cobb
Bruce Eichenlaub, Jr	Newton	Barbara Franco	Bulloch	Julie Kendrick	Talbot
Edward Elliott	Fayette	Janet Harvey	Wilcox	Emily Killingsworth	Laurens
Clarissa Evans	Dekalb	John Howerton	(Tenn)	Robert Killingsworth	Laurens
Freddie Evans, Jr	Bibb	Helen Kile	Screven	Terry Landers	Cobb
Daniel Frey	Cobb	Carolyn Kowalski	Dekalb	Deborah Leslie	Bryan
Gary Gann	Rockdale	Patricia Kullen	Appling	John Morgan	Fulton
Jane Garrison	Chatham	Kathy Lowery	Effingham	Barbara Pickering	Gwinnett
Judy Garvin	Jenkins	Sarah Query	Chatham	James Rone	Coweta
Gayle Harden	Laurens	James Riley	Baldwin	Tom Roos	Dekalb
Brenda Harrell	Lowndes	Jane Shah	(California)	Debbie Royal	Douglas
Sharon Haworth	Dekalb	Grace Smith	Burke	Janice Sabo	Chattooga
Ernie Hensley	Pickens	Jack Thornton	Dougherty	Joyce Sheffield	Dodge
Russell Hinton	Gwinnett	Patricia Tyler	Baldwin	Scott Stapleton	Richmond
Rebecca Hulsey	Bulloch	Lynn Vickers	Pike	Marsha Ussery	Laurens
Linda Johnson	Harris	Julian Wade	Gwinnett	Iva Walls	Gwinnett
Alice Mann	Burke	Debra Wiese	Bulloch	Jeffery Woodward	Cobb
Rebecca McCracken	Lowndes	Kay Wilbanks	Dooly		
Rebecca Mobley	Burke	Henry Williams	Telfair		
Michelle Murphy	Cobb	**August**			
Edward Myers	Columbia	Trena Allison	White		
Ina Patrick	Spalding	Elwin Bracewell	Laurens		
Anita Price	Cobb	Susan Brenner	Sumter		
Marie Richardson	Dekalb	Clair Browning	Wheeler		