

Sine Die Update: Victory is Ours!

For the first time ever, GSRA managed to have one, let alone two, pieces of legislation passed in one session. As reported in last month's newsletter, our good friend Rep. Debbie Buckner introduced HR 1382 to encourage the Department of Community Health (DCH) to create an SHBP advisory council, and she obtained 51 cosigners - including 20 Republicans - along the way. HR 1382 passed through both the Health and Human Services Committee and the Rules Committee to the floor, where it was passed overwhelmingly.

After many requests to provide a cost-of-living-adjustment for retirees, the General Assembly chose to fund a one-time retirement benefit adjustment of 3% of benefits up to \$30,000, which means that a retiree receiving more than \$30,000 annually will receive a maximum of \$900 (3% of \$30,000). While this is less than we had hoped for, it sets a positive tone for future years. House Appropriations Committee Chair Terry England took the lead for us on this.

For the defensive team, two ill-conceived, costly-for-seniors "tax reform" bills (HB 238 and SR 756) were buried for 2016 by the House. We owe Rep. England thanks too for his successful efforts on the tax reform bills. Immediate Past President Russell Hinton wrote a compelling article opposing these bills that was published by the Georgia Policy and Budget Institute.

Our substantial accomplishments were due in no small part to those of you who participated in GSRA day at the Capitol and the evening reception, and who responded to multiple action alerts requesting that you communicate with your legislators to advocate for and against these bills. We also benefited from similar participation by members of our

colleague organizations TRAGIC, GREA, GPHSA, and PAGE for HR 1382 and against HB 238 and SR 756.

And then there was SB 280. This bill would have eliminated itemized income tax deductions except for limited mortgage interest deductions, charitable contributions and medical expenses while increasing personal exemptions. It would also have repealed the corporate net worth tax. This bill died without intervention from GSRA.

Interestingly, SB 145 that originally sought to require that at least one member of the Board of Community Health be a SHBP member, was used as a last-minute vehicle for Rep. Allen Peake's bill to expand permissible uses of medical marijuana. All of the original provisions were stripped from the bill and the substitute passed on the last day of the Session. Another bill of general interest, HB 827 that established timeframes for the processing of rape kits, was incorporated into SB 304 and was the last bill passed by the House.

Furthermore, poor bills carried over from last session (see below) also remained buried, never coming up for hearings or vote. These were:

HB 383: This bill would have removed current consumer protections governing retirement systems' investments in alternative investments.

HB 445: Would have reduced income taxes but increased sales taxes, a substantial increase for almost all ERS retirees.

HR 305: A proposed Constitutional amendment would arbitrarily limit the rate of growth in the state budget, making it difficult to fund services in bad revenue years as well as future increases for such things as retirees' COLAs.



Kip's View: The Report Card is In

Our report card came in the mail today! Here it is (see below). Not bad, huh? I'm pretty proud of your efforts, the GSRA Board's efforts, and the Legislative Committee's efforts! Could we have done better? You betcha! And guess what? We've laid the foundation for better things to come.

We built on past relationships in the House and Senate, and we've made new friends there! We've continued our collaborative partnership with GREA, PAGE, TRAGIC, GPHSA and others to support issues of common concern.

Now we need to grow our organization to improve our clout during the next session. Numbers do count! We need to market the value of current and retired state employees. I look forward to working with each of you for the remainder of this year to accomplish this!

Thanks, Kip

GSRA 2016 Legislative Report Card 		
Status:	GSRA 2016 Legislative Issues Adopted 11/10/2015	Grade
✓	1. A 3% across the board pay raise for all active state employees and teachers.	A+
✓	2. SHBP health benefits should remain at the current level and cost (both premiums and out of pocket expenses)	A+
INC.	3. The unfunded liability of the ERS and TRS retirement funds should be reduced if available funds are identified.	INC.
✓	4. A COLA for state retirees should be granted at some level in the 2017 Budget as funds are identified.	A-
✓	5. Passage of legislation establishing a DCH Advisory Council to provide consumer input prior to SHBP plan changes.	A-
✓	6. Allow no further changes to authorized investments under ERS pension fund that expand "risky investments options", and keep existing safeguards in the law in place.	A+
Comments: Issues #1 & #2 were achieved. Issue #3 is incomplete because no funds could be identified. Issue #4 was achieved as a one-time adjustment with \$30K cap. Issue #5 Achieved by House Resolution. Issue #6 No changes in this area!		

SHBP – FY 2016 and FY 2017 Budgets

The Amended FY 2016 and FY 2017 budgets for the State Health Benefit Plan were adopted by the 2016 General Assembly without a lot of “fuss.” These budgets were presented to and approved without increasing the employer contribution rates for State employees and certificated persons. Detailed items show that the projected revenue will absorb an increased cost of the Medicare Advantage plans. The budget also anticipates an increase in the school systems’ employer contribution rate for non-certificated school service employees on January 1, 2017, and authorizes a pilot program for a non-certificated health coverage plan.

Medicare Advantage Cost: The SHBP Financial Status and budget information that was provided to the Appropriations Committees by the Department of Community Health indicates an increase in Medicare Advantage (MA) costs of \$91,600,000 in FY 2017. In an effort to show the value of the DCH contract negotiations, the various budget presentations show an anticipated increase in MA savings of \$264,262,000. Therefore, the 2017 increase of \$92 million is offset by a decrease in MA costs of \$264.3 million in FY 2017 as a result of the 2014-2015 procurement. Adding the \$92 million increase and the \$264.3 million decrease leaves a net reduction of \$172.6 million in Medicare Advantage costs. Along with the budget reports showing an adjustment in MA costs, the State audit reports for FY 2013, FY 2014, and FY 2015 confirm substantial changes in the costs of retiree medical, both the Medicare Advantage and under age 65 options. Audit reports confirm that the retiree costs increased by 7% in FY 2014 when DCH implemented the Blue Cross Blue Shield MA plan and then was reduced by 5% in FY 2015 when DCH renegotiated the MA plan with United Healthcare. DCH’s reports, therefore, show that FY 2016 and FY 2017 costs for retirees are returning to the pre-FY 2013 levels.

Non-Certificated School Service Employees: On January 1, 2017, the employer contribution rate for non-certificated public school employees is being increased from \$746.20 to \$846.20, for a total cost to the school systems of \$30,405,700. This increase is the second in two years and follows several years of insufficient funds paid by the State and the local school systems into the SHBP for covering this group of school system employees. Prior to FY 2012, the State through the Department of Education paid a large part

of the cost for providing coverage to the non-certificated school employees.

24-Month Pilot System-Directed Health Care coverage for Non-certificated Employees: The House of Representatives and Senate authorized a 24-month pilot program for system-directed health care coverage for non-certificated employees. At the end of the two-year pilot program, the participating systems may return to the State plan without penalty. Remember, in the 2015 General Session Governor Deal eliminated coverage for part-time bus drivers and school lunch room staff. The General Assembly declined to approve the proposal and allowed continued coverage for the part-time bus drivers and cafeteria workers. The Legislature also allowed an increased employer contribution rate for the non-certificated employees. Because of the SHBP per employee cost, some school systems lobbied for allowing them to deselect the State Health Benefit Plan. This 24-month pilot system allows the school systems to implement a separate plan for non-certificated employees and after two years the school system employees can be returned to the SHBP without penalty. Although no additional information is available about the pilot, in all probability, the Board of Community Health will implement guidelines for the pilot plan(s).

Other Post-Employment Benefits (OPEB) Liabilities: Budget language stresses that the SHBP fund balances reflect OPEB liabilities. The General Assembly has apparently requested some of the SHBP excess revenues over expenditures be placed in the Retiree Trust Funds.

As a whole, the DCH’s projections for “Excess Revenue over Expenditures” in FY 2016 (\$333,472,068) and in FY 2017 (\$143,340,552) are good news. However, as stated in previous GSRA articles, the better financial position is primarily a result of cost-shifting to the members by reduced benefits and increased member premiums.

Regardless of the improved financial position, GSRA is concerned that benefit and premium changes will be approved for January 1, 2017. Hopefully, DCH will see the value of agreeing with the House of Representatives and appoint a Customer Advisory Council¹ to advise DCH on actions for 2017. The Advisory Council can identify areas of concern for the Medicare Advantage and other benefit options for under age 65 members.

¹ See the Newsletter article on 2016 Legislation.

Save the Date!
2016 Annual Meeting
October 17-18
Anderson Center, Macon

Local Chapter News

Central Metro

At its March 3 meeting, GSRA's Central Metro Chapter elected new officers for 2016. They are:

Sam Shepherd, President
 Judith Byrnes, Vice President
 Barbara Landay, Secretary
 Luther Lewis, Treasurer
 John Keys, Membership
 Kevin Burke, Communications

The 30 GSRA members in attendance heard from Representative Mary Margaret Oliver, as well as GSRA's lobbyist, Chuck Clay. John Keys introduced Rep. Oliver as a "constant voice of reason during each legislative session when 'reason' can sometimes be in short supply."

Keys introduced Chuck Clay who gave a brief legislative update for attendees. Clay emphasized the importance of all GSRA members contacting their legislators on issues of importance – especially regarding our DCH transparency legislation and our appropriations item for a one-time bonus.

Rep. Margaret Oliver was the guest speaker and gave a thorough overview of issues facing Georgians, key bills facing the General Assembly in its final days, local issues of importance to DeKalb residents, and some of the nuances of money issues involved in the Appropriations process. She praised Appropriations Chairman Terry England who she noted truly understands the need to maintain a skilled state workforce and treat its retirees fairly. Rep. England helped

make sure the appropriation for a one-time bonus was in the House version of the 2017 Budget bill.

The meeting ended on a positive note, with new officers ready to move the Central Metro Chapter forward.



John Keys, Rep. Mary Margaret Oliver, Sam Shepherd

Combined March-April Issue

Because we have communicated with members via Action Alerts, Facebook posts and emails so much during March, GSRA has elected to combine the March and April issues into a single issue containing as much information as we have post Legislative Session. May's issue will have more information about how and when the one-time ERS adjustment will be administered, as well as other information coming out of the next ERS Board meeting and other timely news of interest to members.

GSRA Members!

Check out ERSGA/GTA's
MORE – My Official Rewards Experience

ERSGA retirees get
discounts/incentives for:

- Travel
- Entertainment
- Shopping
- Recreation

Other areas tailored to your interests

You can access MORE by logging into your
secure ERSGA account and clicking the link.

<https://secure.ers.ga.gov/>

Endorsed GSRA Benefits

The Georgia State Retirees Association (GSRA) makes many member only benefits available to its members. GSRA endorses the following member benefits:

- Long Term Care / Home Health Care Policy
- Life Insurance
- Medical Air Services Association (MASA)
- Travel Discounts
- Car Rental Discounts
- Tax-Deferred Annuity
- Cancer Treatment Policy
- Medicare Supplement Insurance
- Identity Theft Protection
- Hotel Discounts
- Computer Discounts

Review your benefits at: www.myAMBAbenefits.info/gsra



SHBP Retirees and UnitedHealthcare:

Helping people live healthier lives together.

UnitedHealthcare is a proud sponsor of the 2016 GSRA Annual Legislative Reception.



Plans are insured through UnitedHealthcare Insurance Company or one of its affiliated companies, a Medicare Advantage organization with a Medicare contract. Enrollment in the plan depends on the plan's contract renewal with Medicare.

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