



GEORGIA DEPARTMENT  
OF COMMUNITY HEALTH

# State Health Benefit Plan: OPEB Update



Presentation to Board of Community Health

By Vince Harris, CFO

February 14, 201



# Mission

## The Georgia Department of Community Health

We will provide Georgians with access to affordable, quality health care through effective planning, purchasing and oversight.

*We are dedicated to A Healthy Georgia.*

# Other Post-Employment Benefits (OPEB) Liability

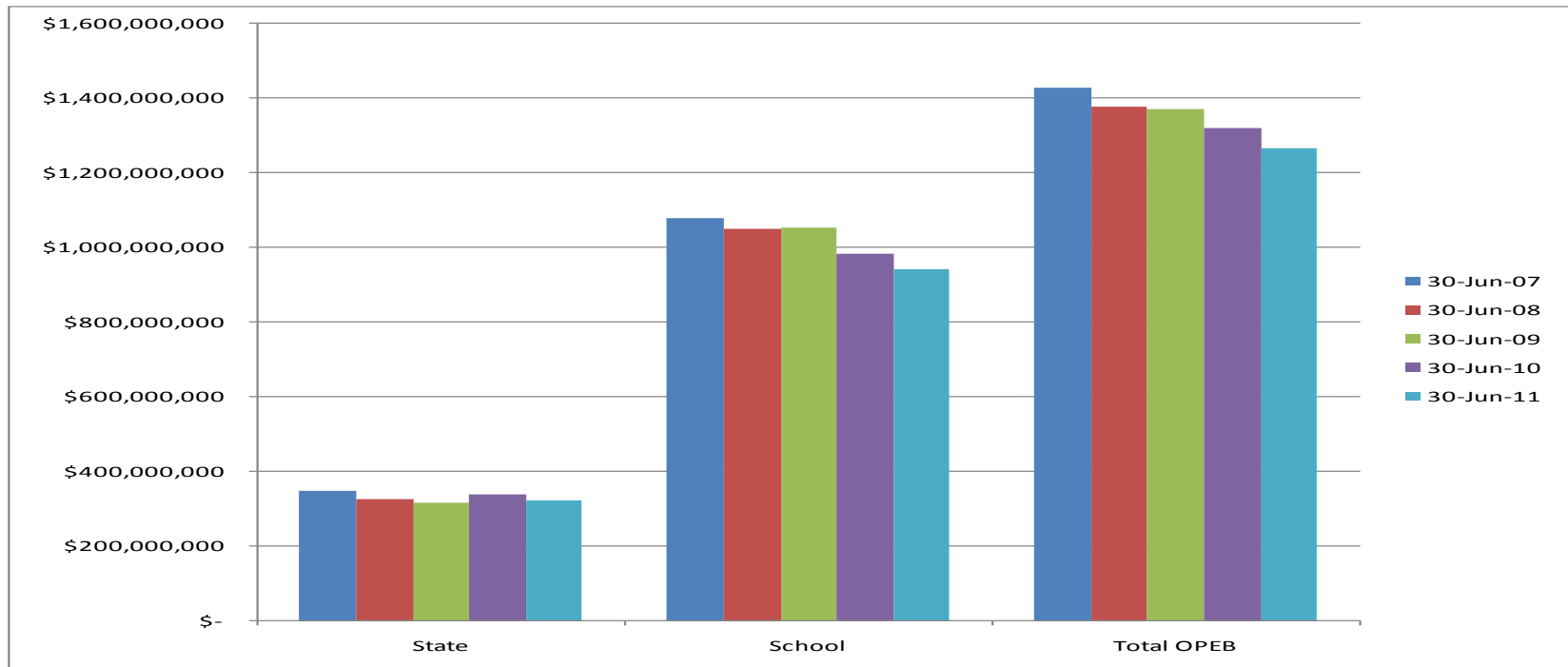
- OPEB Liability Has Decreased Over the Past 5 Years
  - Our current OPEB liability is \$15.5 Billion
    - State Employees = \$4.3 Billion
    - School Personnel = \$11.1 Billion

Valuations prepared as of	State Employee OPEB Fund AAL	School Personnel OPEB Fund AAL	Total AAL
30-Jun-07	\$ 4,669,715,807	\$ 11,802,724,960	\$ 16,472,440,767
30-Jun-08	\$ 4,672,798,768	\$ 11,952,049,937	\$ 16,624,848,705
30-Jun-09	\$ 4,520,953,493	\$ 11,900,505,254	\$ 16,421,458,747
30-Jun-10	\$ 4,478,594,086	\$ 11,250,400,224	\$ 15,728,994,310
30-Jun-11	\$ 4,311,635,522	\$ 11,143,125,071	\$ 15,454,760,593

AAL = Actuarial Accrued Liability

# Annual Required Contribution (ARC)

- ARC is the amount that should be contributed to actuarially support the benefits of the OPEB funds
  - ARC for State Employee OPEB = \$321 Million (12.64% of active payroll)
  - ARC for School Personnel OPEB = \$943 Million (8.48% of active payroll)



# Pay As You Go versus Advance Funding

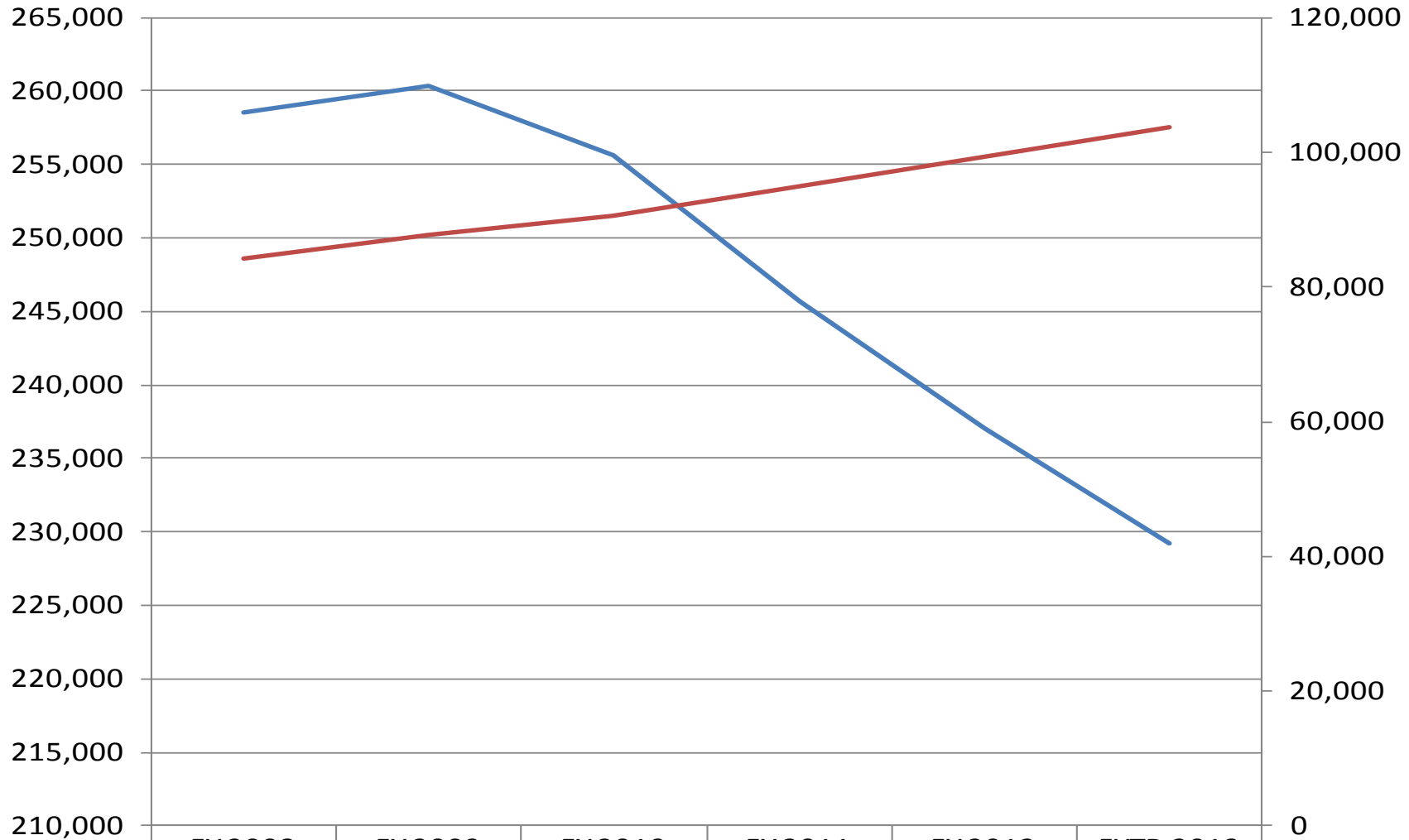
- Both the State Employee OPEB Fund and the School Personnel OPEB Fund are financing benefits on a pay as you go basis
- Funding for OPEB Liabilities has decreased over time
  - In FY09 the OPEB Funds had \$165 Million in Assets
  - In FY12 the OPEB Funds had no assets
- What is the benefit of prefunding, or advance funding for OPEB?

<b>*Example: State Employee OPEB Fund</b>		
	<b>Discount Rate</b>	
	<b>4.5%</b>	<b>6.0%</b>
Actuarial Accrued Liability	\$4,311,636	\$3,530,148
ARC as a % of payroll	12.64%	11.08%

\*From the valuations prepared as of June 30, 2011



# Fewer Active Employees, More Retirees



Active Full Time

FY 2008

FY 2009

FY 2010

FY 2011

FY 2012

FYTD 2013

258,484

260,380

255,633

245,719

237,038

229,213

Retirees

84,280

87,644

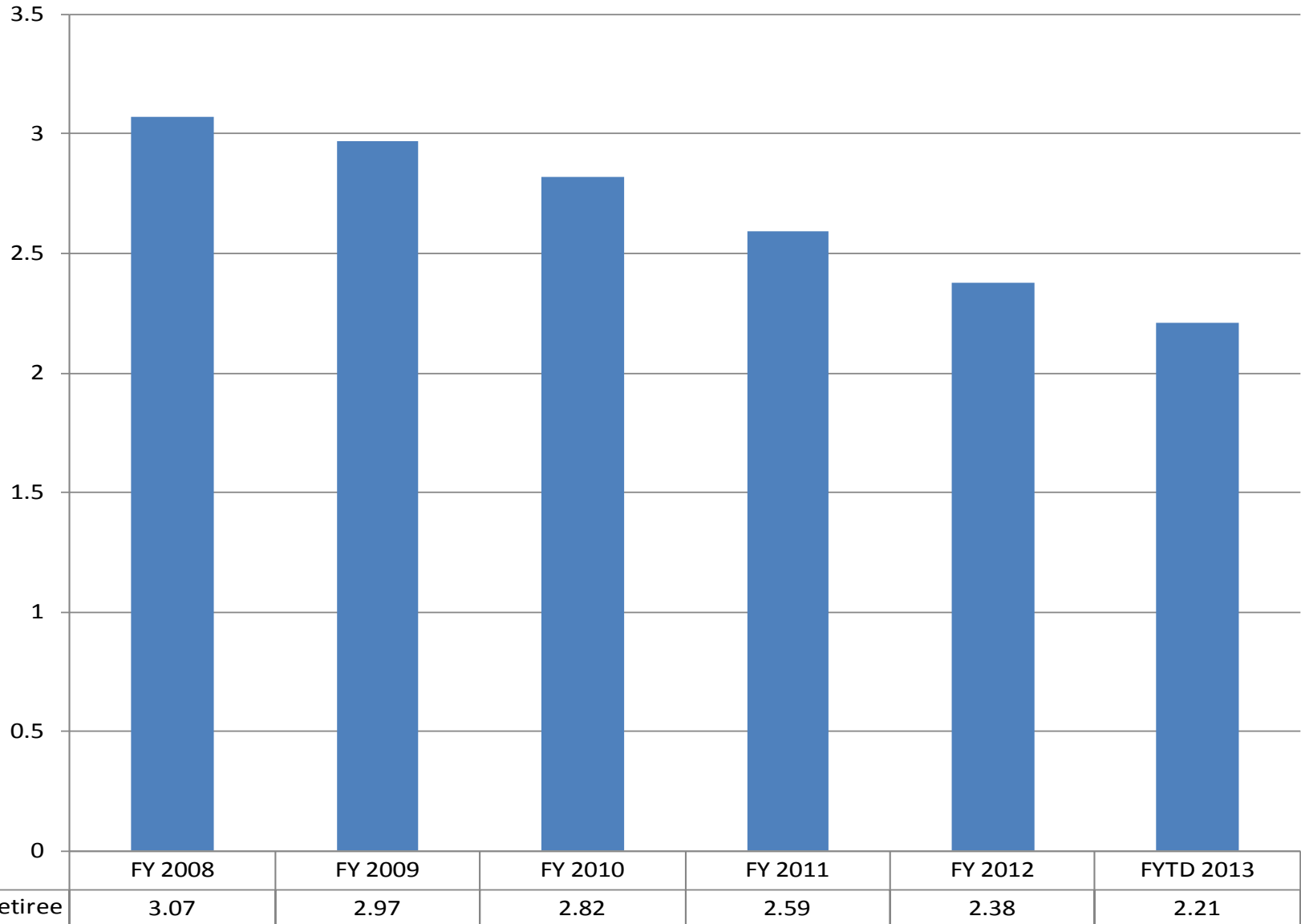
90,650

94,891

99,397

103,746

# Active to Retiree Ratio: Fewer Actives to Support Retirees



# Next Steps

- June 30, 2012 valuations are in progress, with results expected this spring
- Evaluation of 2014 Plan Changes to further reduce OPEB liabilities
- Communication with stakeholders and funding partners on the status of OPEB liabilities and funding progress