



September 30, 2013

Honorable Norm Boyd, Chairman  
Board of Community Health  
9145 Old Southwick Pass  
Alpharetta, GA 30022

Terry England, Chairman  
Appropriations Committee  
State House of Representatives  
245 State Capitol  
Atlanta, GA 30334

Honorable Jack Hill, Chairman  
Appropriations Committee  
State Senate  
245 State Capitol  
Atlanta, GA 30334

Gentlemen:

As required by OCGA 45-18-25.1(j), the Department has compiled the following information about the **Georgia State Employees Post-Employment Health Benefit Fund** (referred to as the State OPEB Fund) for Fiscal Year 2013. The following revenue and expense information is provided:

1. FY 2013 State Health Benefit Plan (SHBP) Balance Sheet for the State OPEB Fund – Attachment A-1
2. FY 2013 SHBP Statement of Retiree Revenue and Expense for the State OPEB Fund – Attachment B-1

### Current Year Retiree Revenue and Expense

Please see Attachment B-1; however, in summary, the Department:

- Transferred \$181,215,500 in revenue from the proprietary fund<sup>1</sup> to the State OPEB Fund to reflect the employer share of revenue made available to support FY 2013 expenses for current State retirees. This is a 1.6% decrease as compared to last year.
- Received \$46,620,505 in FY 2013 premium revenue contributed by State retirees participating in the SHBP. This is an 11.6% increase as compared to last year.
- Paid \$227,836,005 in retiree expense. This is a 0.8% increase as compared to last year.

### Assets in Long-Term Investment

As a reminder, the assets deposited in long-term investments were liquidated in FY 2010 in response to the state's budget constraints. No additional advance funding has been earmarked for OPEB since the liquidation. There are no investment earnings to report for FY 2013.

### OPEB Valuations of Future Liability

I am including for your review as Attachment C the June 30, 2012 Retiree Medical Valuation for the Georgia State Employees Post-Employment Health Benefit Fund, which was recently completed and will be used for FY 2013 OPEB liability disclosures. The total Unfunded Actuarial Accrued Liability for the State OPEB Fund decreased by \$443.7 million as compared to the June 30, 2011 valuation (from \$4.312 billion to \$3.868 billion). This decrease was due to many factors, including the result of strategic actions taken by the DCH Board focusing on the sustainability of the SHBP, and various Plan Year 2013 changes, such as: premium increases, increases in co-pays, deductibles, out-of-pocket maximums, and pharmacy benefit changes.

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<sup>1</sup>The State Health Benefit Plan is comprised of three health insurance plans, each supported by its own fund: 1) a plan for State employee (O.C.G.A. § 45-18-2), which is funded in part by State departments and agencies and other entities authorized by law to contract with the Department of Community Health for inclusion, and in part by the employees and retirees of these entities, and two plans funded in part by the Department of Education, local school systems, libraries and RESAs, and their employees and retirees: 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).

The Honorable Norm Boyd  
The Honorable Terry England  
The Honorable Jack Hill  
FY 2013 State OPEB Fund Report to the General Assembly  
September 30, 2013  
Page 3 of 3

Please do not hesitate to contact the department's Chief Financial Officer, Tim Connell, with any question you may have. He may be reached at (404) 657-4859 or [tconnell@dch.ga.gov](mailto:tconnell@dch.ga.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Clyde L. Reese, Esq.", with a stylized flourish at the end.

Clyde L. Reese, Esq.

Attachments (3)

cc: Teresa MacCartney, State CFO, Director, Office of Planning and Budget  
Tim Connell, CFO, Department of Community Health  
Trudie Nacin, Chief, State Health Benefit Plan  
DCH Board of Directors

**Georgia Department of Community Health  
State Health Benefit Plan  
BALANCE SHEET (UNAUDITED)  
As of June 30, 2013**

	<i>ENTERPRISE FUND</i>	<i>FIDUCIARY STATE FUND</i>	<i>COMBINED FUNDS</i>
<b>Assets</b>			
A1.1 Cash and Cash Equivalents	\$ 270,784,321.89	\$ 12,086,069.26	\$ 282,870,391.15
A1.2 Investments	-	-	\$ -
A1.3 Net Accounts Receivable	26,631,483.14	2,218,503.11	\$ 28,849,986.25
A1.4 Due From Other Funds	-	-	\$ -
A1.5 Other			\$ -
<b>Total Assets</b>	<b>\$ 297,415,805.03</b>	<b>\$ 14,304,572.37</b>	<b>\$ 311,720,377.40</b>
<b>Liabilities</b>			
L1.1 Claims Incurred but Not Paid	162,094,000.00	12,252,000.00	174,346,000.00
L1.2 Accounts Payable	19,361,092.95	1,153,958.07	20,515,051.02
L1.3 Claims Payable	39,837,663.60	898,614.30	40,736,277.90
L1.4 Due to Other Funds	28,075,413.95	-	28,075,413.95
L1.5 Deferred Revenue	-	-	-
L1.6 Other	-	-	-
<b>Total, Liabilities</b>	<b>\$ 249,368,170.50</b>	<b>\$ 14,304,572.37</b>	<b>263,672,742.87</b>
<b>Fund Balance:</b>	<b>\$ 48,047,634.53</b>	<b>\$ -</b>	<b>\$ 48,047,634.53</b>

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**Georgia Department of Community Health  
State Health Benefit Plan  
Georgia Retiree Healthcare Fund (i.e., State OPEB Fund)  
FY 2013 STATEMENT OF RETIREE REVENUE AND EXPENSE (UNAUDITED)**

<b>REVENUE</b>					
Retiree Type:	Retiree Premiums	Earmarked for Retirees from Department of Education	From Active Employer Revenue for:		Subtotal
			Pay As You Go	Long-Term Investment	
State Employee	46,415,866.54		181,215,500.31		227,631,366.85
Contract	204,638.53				204,638.53
<b>TOTAL REVENUE</b>	<b>46,620,505.07</b>	<b>-</b>	<b>181,215,500.31</b>	<b>-</b>	<b>227,836,005.38</b>

<b>EXPENSE</b>			
Retiree Type:	(a)		Total
	Claims Payments	Other Premium Expense	
State Employee	158,858,512.18	60,755,480.29	227,632,654.40
Contract	139,574.82	50,233.17	203,350.98
<b>TOTAL EXPENSE</b>	<b>158,998,087.00</b>	<b>60,805,713.46</b>	<b>227,836,005.38</b>

**Surplus/(Deficit)**

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(a) Does not include FY13 IBNR net change  
(b) Medicare Advantage/USLEP expenses

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