



September 29, 2016

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

Honorable 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 20-2-876.(j), the Department has compiled the following information about the **Georgia School Personnel Post-Employment Health Benefit Fund** (referred to as the School Personnel OPEB Fund) for Fiscal Year 2016. The following revenue and expense information is provided:

1. FY 2016 State Health Benefit Plan (SHBP) Balance Sheet for the School Personnel OPEB Fund – Attachment A-2
2. FY 2016 SHBP Statement of Revenue and Expense for the School Personnel OPEB Fund – Attachment B-2
3. FY 2016 SHBP Summary of Investment Account Activity for the School Personnel OPEB Fund – Attachment C-2

Current Year Retiree Revenue and Expense

Please see Attachment B-2; however, in summary, the Department:

- Transferred \$367,878,968 in revenue from the proprietary fund¹ to the School Personnel OPEB Fund to reflect the employer share of revenue made available to support FY 2016 expenses for current School Personnel retirees. This is an 2.6% decrease as compared to last year.

¹The 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).

- Received \$107,246,913 in FY 2016 premium revenue contributed by School Personnel retirees participating in the SHBP. This is a 4.0% increase as compared to last year.
- Paid \$475,125,881 in retiree expense. This is a 1.2% decrease as compared to last year.

Assets in Long-Term Investment

Please see Attachment C-2; however, in summary, the Department:

- Transferred \$64,351,583 to a short-term investment account that has been earmarked to help fund the OPEB liability.

OPEB Valuations of Future Liability

Included for your review, as Attachment D, is the June 30, 2015 Retiree Medical Valuation for the Georgia School Personnel Post-Employment Health Benefit Fund, which was recently completed and will be used for FY 2016 OPEB liability disclosures. The total Unfunded Actuarial Accrued Liability for the School Personnel OPEB Fund increased by \$1.997 billion as compared to the June 30, 2014 valuation (from \$8.514 billion to \$10.512 billion). This change was primarily due to increased Medicare Advantage premium rates for Plan Year 2016.

If you have any questions please do not hesitate to contact the Departments' Chief Financial Officer, Elizabeth Brady at (404) 657-4859 or ebrady@dch.ga.gov.

Sincerely,



Clyde L. Reese III, Esq.

Attachments (4)

cc: Teresa MacCartney, State CFO, Director, Office of Planning and Budget
Elizabeth Brady, CFO, Department of Community Health
Jeff Rickman, 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, 2016

	ENTERPRISE FUND	FIDUCIARY SCHOOL FUND	COMBINED FUNDS
Assets			
A1.1 Cash and Cash Equivalents	\$ 416,926,667.78	128,196,747.47	\$ 545,123,415.25
A1.2 Investments	391,157,132.33	-	\$ 391,157,132.33
A1.3 Net Accounts Receivable	900,292.27	484,804.87	\$ 1,385,097.14
A1.4 Due From Other Funds	-	-	\$ -
A1.5 Other			\$ -
Total Assets	\$ 808,984,092.38	\$ 128,681,552.34	\$ 937,665,644.72
Liabilities			
L1.1 Claims Incurred but Not Paid	176,900,000.00	28,256,000.00	205,156,000.00
L1.2 Accounts Payable	23,405,402.12	3,971,224.36	27,376,626.48
L1.3 Claims Payable	1,511,718.65	1,047,490.84	2,559,209.49
L1.4 Due to Other Funds	(846,002.58)	-	(846,002.58)
L1.5 Deferred Revenue	-	-	-
L1.6 Other	-	-	-
Total, Liabilities	\$ 200,971,118.19	\$ 33,274,715.20	\$ 234,245,833.39
Fund Balance:	\$ 608,012,974.19	95,406,837.14	\$ 703,419,811.33

*The State Health Benefit Plan is comprised of three health insurance plans, each supported by its own fund: 1) a plan for State employees (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 its 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)

Georgia Department of Community Health
 State Health Benefit Plan
 Georgia Retiree Healthcare Fund (i.e., School Service Personnel OPEB Fund)
 FY 2016 STATEMENT OF RETIREE REVENUE AND EXPENSE (UNAUDITED)

REVENUE						
Retiree Type:	Retiree Premiums	Earmarked for Retirees from Department of Education	From Active Employer Revenue for:			Subtotal
			Pay As You Go	Investment Interest	Employer Share	
Teacher	84,016,686.58		270,165,713.14	64,558,577.04	334,724,290.18	418,740,976.76
School Service	23,230,226.58		97,713,255.02		97,713,255.02	120,943,481.60
TOTAL REVENUE	107,246,913.16	-	367,878,968.16	64,558,577.04	432,437,545.20	539,684,458.36

EXPENSE			
Retiree Type:	(a)		Total
	Claims Payments	Other Premium Expense	
Teacher	251,757,442.76	86,422,196.87	354,182,399.71
School Service	75,702,418.05	40,648,543.02	120,943,481.61
TOTAL EXPENSE	327,459,860.81	127,070,739.89	475,125,881.32

Surplus/(Deficit) 64,558,577.04

(a) Does not include FY16 IBNR net change
 (b) Medicare Advantage/LIS/LEP and Kaiser expenses

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Georgia Department of Community Health
 State Health Benefit Plan
 Georgia Retiree Healthcare Fund (i.e., OPEB Fund)
 FY 2016 SUMMARY OF INVESTMENT ACCOUNT ACTIVITY (UNAUDITED)

July 1, 2015 Beginning Balance for GF1 OPEB Investments Total
\$ 30,848,260.12

SHBP Contributions:

<u>Transfer Month</u>	<u>OPEB School Personnel Contribution</u>	<u>School Personnel Interest</u>	
Jul-15	\$ 4,620.87	\$ 4,620.87	\$ 4,620.87
Aug-15	\$ 4,637.84	\$ 4,637.84	\$ 4,637.84
Sep-15	\$ 4,554.11	\$ 4,554.11	\$ 4,554.11
Oct-15	\$ 4,700.16	\$ 4,700.16	\$ 4,700.16
Nov-15	\$ 4,422.35	\$ 4,422.35	\$ 4,422.35
Dec-15	\$ 64,351,583.00	\$ 15,250.70	\$ 64,366,833.70
Jan-16	\$ 24,748.12	\$ 24,748.12	\$ 24,748.12
Feb-16	\$ 24,675.03	\$ 24,675.03	\$ 24,675.03
Mar-16	\$ 28,183.40	\$ 28,183.40	\$ 28,183.40
Apr-16	\$ 29,148.13	\$ 29,148.13	\$ 29,148.13
May-16	\$ 30,876.70	\$ 30,876.70	\$ 30,876.70
Jun-16	\$ 31,176.63	\$ 31,176.63	\$ 31,176.63
			<u><u>\$ 95,406,837.16</u></u>

June 30, 2016 Ending Balance for GF1 OPEB Investments

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