



January 9, 2009

ACTION NEEDED BY MARCH 31, 2009

Dear Retired State Health Benefit Plan (SHBP) Member:

During the Board of Community Health meeting on October 30, 2008, two new policies impacting Medicare eligible retirees and covered dependents were announced.

In 2004 the General Accounting Standards Board (GASB) rules were modified to require that public entities account for their Other Post-Employment Benefits (OPEB), which includes retiree health care coverage. The latest State of Georgia OPEB valuation is \$16.4 billion in unfunded liability for retiree health care. In order to maintain a fiscally sound status and avoid adverse impact to the State bond ratings, SHBP is required to implement strategies that reduce this liability.

Policy Change effective July 1, 2009: In order to avoid increased premiums on July 1, 2009, retirees and covered dependents need to enroll in Medicare Part B during the Medicare General Enrollment window between January 1, 2009 and March 31, 2009.

Impacts: Only Medicare eligible retirees and covered dependents who are not enrolled in Medicare Part B

More information: See Attachment I for more details

Note: According to our records, you (or an individual on your SHBP coverage) are not currently enrolled in Medicare Part B coverage. Therefore, you are impacted by this policy change and you are advised to follow the steps outlined in this packet in order to avoid a premium increase on July 1, 2009.

Required Steps:

- Enroll in Medicare Part B during the Medicare General Enrollment window January 1 – March 31, 2009 (see Attachment II for resources)
- Submit your Medicare documentation to SHBP by May 15, 2009
- Submit your Late Enrollment Penalty Authorization Form (Attachment V) (if applicable) to SHBP by May 15, 2009; a separate form must be completed for the retiree and spouse
- Submit your SHBP Enrollment Form (Attachment IV) to SHBP by May 15th if you are switching coverage options. Your new coverage will be effective July 1, 2009

(More information on the back)

Policy Change effective January 1, 2010: All current and future Medicare eligible retirees and covered dependents will be required to enroll in one of the Medicare Advantage options offered through CIGNA and United Healthcare (UHC) in order to continue to receive the (approximately) 75 percent state subsidy for 2010.

Impacts: All Medicare eligible retirees and covered dependents

More information: *According to our records, you (or an individual on your SHBP coverage) are eligible for Medicare; therefore this policy change will impact you, but no action is needed at this time for the January 1, 2010 policy change. Additional information will be provided prior to the Retiree Option Change Period (ROCP) in the fall of 2009. Information about the current 2009 Medicare Advantage plans can be found in your 2009 ROCP materials.*

The new policies outlined in this mailing were decided upon because they continue to offer generous benefits to retirees while allowing SHBP to take advantage of the coverage offered by Medicare. **It's important to note that these are two separate policies with different effective dates.**

If you have a question, you may e-mail it to SHBP at emailresponse@dch.ga.gov. We may not be able to respond to individual questions but will collect and post frequently asked questions at www.dch.georgia.gov/shbp_plans.

Sincerely,

State Health Benefit Plan
1-800-610-1863