

A RESOLUTION

State Health Benefit Plan Policy: Inclusion of State Authorities Participating in Employees Retirement System in State Employees Plan; Withdrawal of Such Authorities from the State Employees Plan

WHEREAS, the State Health Benefit Plan (the "SHBP") is comprised of three health insurance plans, each supported by its own fund: 1) a plan for State employees (the "State Employees Plan" (O.C.G.A. § 45-18-2), 2) a plan for teachers (the "Teachers Plan") (O.C.G.A. § 20-2-891), and 3) a plan for public school employees who are not eligible for the Teachers Plan (the "Public School Employees Plan" or "PSE Plan") (O.C.G.A. § 20-2-911); and

WHEREAS, the statute that creates the State Employees Plan does not include employees of State authorities in the definition of employees who are eligible for coverage under the State Employees Plan, but O.C.G.A. § 45-18-7(a) does authorize the Board to include State authorities that participate in the Employees Retirement System ("Authorities") in the State Employees Plan, provided that such authorities "shall pay the same rate of contribution paid by the state;" and

WHEREAS, once an Authority stops paying the "same rate of contribution paid by the state," the requirements for inclusion of the Authority in the State Employees Plan are no longer satisfied; and

WHEREAS, certain Authorities included in the State Employees Plan desire to stop offering the State Employees Plan to their employees and retiring employees; and

WHEREAS, no law requires Authorities to offer the State Employees Plan, many Authorities receive no State appropriations, and several Authorities have requested guidance on how to withdraw from the State Employees Plan; and

WHEREAS, facilitating the withdrawal of Authorities from the State Employees Plan reduces long-term Other Post Employment Benefit liability because active employees whose coverage under the State Employee Plan is terminated upon withdrawal will not be able to continue State Employee Plan coverage into retirement; and

WHEREAS, it is necessary and appropriate for the Board of Community Health to approve a policy for Authorities to join the State Employees Plan only after acknowledging the obligations associated with offering the State Employees Plan, and the consequences of later withdrawing from the State Employees Plan; and

WHEREAS, it is necessary and appropriate for the Board of Community Health to approve a policy for Authorities to withdraw from the State Employees Plan in a manner that facilitates the withdrawal of an Authority from the State Employees Plan while protecting the Department of Community Health, the Board of Community Health and the State Health Benefit Plan; and

WHEREAS, it has been determined that terminating coverage for all enrolled former employees of an Authority (annuitants and former employees on extended beneficiary coverage) upon the Authority's withdrawal presents significant administrative and other burdens for the withdrawing Authority and the State Health Benefit Plan; and

WHEREAS, it has been determined that such burdens may be alleviated by 1) permitting Authorities' former employees who terminated employment with the Authority before the effective date of this resolution, or who terminate employment after the effective date of this resolution, but before December 31, 2012, to remain eligible for coverage as annuitants or extended coverage beneficiaries under the State Employees Plan even if the Authority later withdraws and pays no contributions for SHBP coverage of those former employees, 2) requiring all Authorities to acknowledge the impact on enrolled employees and former employees whose coverage will be terminated as a result of withdrawal, and 3) continuing to communicate in summary plan descriptions and other official Plan documents that coverage of enrolled employees and those enrolled former employees who ended employment with the Authority after December 31, 2012 will terminate when the Authority withdraws from the State Employees Plan; and

WHEREAS, the attached policy reflects an approach that complies with the law, facilitates withdrawal from the State Employees Plan, and is in the best interest of the State Employees Plan and the SHBP as a whole;

NOW, THEREFORE, BE IT ORDERED THAT: the Board approves the policy attached as Exhibit A; and

NOW, THEREFORE, BE IT FURTHER ORDERED THAT: the Board directs the Department to implement the policy attached as Exhibit A; and

NOW, THEREFORE, BE IT FURTHER ORDERED THAT: the Department may revise the procedures described in Exhibit A under the heading "Procedures for Withdrawal" and develop and implement additional procedures and take all other actions determined by the Department to be necessary and appropriate to implement the policy.

Resolved this 11th day of October, 2012, in public session.



Ross Mason
Chairman



Jamie Pennington
Secretary