

State Health Benefit Plan Update

As part of GSRA's monitoring of State Health Benefit Plan (SHBP) actions, GSRA representatives attend the Board of Community Health (BCH) meetings and maintain contact with staff of the Department of Community Health (DCH). The April 8, 2008 meeting of the BCH was primarily devoted to Medicaid and Peach Care for Kids programs. However, the issues discussed that affect the SHBP are:

- An average premium increase of 7.5% will be assessed to SHBP members effective on January 1, 2009; however, the premiums will be tailored to move members into one of the "consumer driven health plans", such as United Healthcare's HRA or Blue Cross and Blue Shield's HRA. Some options may have a zero increase while other options have a much larger than 7.5% increase.
- The State's contribution rate to the SHBP was **decreased** by a percentage (22.843% to 22.165%) that reduces the State contribution by \$16.7 million in Fiscal Year 2009. The Governor and General Assembly decided that the SHBP could use reserves that are projected to be available on June 30, 2008. When the \$16.7 million reduction is added to projected deficit in FY 2009, the expenses are projected to be **\$71 million greater than revenue** (State, school systems, and members).

DCH staff provided the following update on SHBP upcoming activities.

- **SHBP Transition:** DCH and the State Personnel Agency (SPA) jointly announced to the respective staffs that the State Leadership decided to transfer SHBP back to SPA, which is the former State Merit System. A firm date for the transfer has not been established, but a transition team has been appointed to begin the planning. This transition will reestablish the SHBP with the Flexible Benefit Program administered by the State and will foster a more streamlined process to minimize duplication. DCH and SPA are committed to making the transition as seamless as possible.
- **2008 Wellness Campaign:** Announcements for the 2008 campaign, seen at http://dch.georgia.gov/vgn/images/portal/cit_1210/38/29/113347499Georgias_Nuts%20About_Health_2008_Campaign_Flyer.pdf highlight how all members (including retirees) may participate in the wellness program. In addition, postcards will be mailed to all employees and retirees who are enrolled in SHBP. The SHBP Website http://dch.georgia.gov/00/channel_title/0,2094,31446711_112646140,00.html provides more details about the campaign.

- **Vendor Procurement:** As mentioned in previous reports, DCH plans to contract with only two vendors for providing SHBP members with healthcare options. Each of these vendors is expected to offer an HMO, PPO, Consumer Driven Health Plan Reimbursement Account, a Consumer Driven Health Plan Health Savings Account and a Medicare Advantage Plan. DCH states that they are nearing the end of the selection process for the two health care vendors for the 2009 Open Enrollment. DCH states that they will award the contracts within the next several weeks.
- **2009 Open Enrollment (Retiree Option Change Period):** The Retiree Option Change Period will be October 10, 2008 to November 10, 2008.
- **Change in Premium Structure:** DCH will change the premium structure on January 1, 2009 for active employees from the current 2-tier (Single and Family) to 4-tiers (employee; employee + child(ren); employee + spouse; and employee + spouse + child(ren). This tier change **will not affect the retiree structure—which will remain Single or Family.**
- **Legislative update:** Several legislative items will affect the SHBP to varying degrees; however, the General Assembly inserted into the Appropriations Act a requirement that new pharmacy contract rates must pay the independent pharmacists higher rates. Since this requirement would cost the SHBP \$3 to \$4 million, the legislation will probably not affect the current SHBP procurement endeavor.