

Summary Report

University System of Georgia Retiree Council (USGRC) Meeting

Middle Georgia State College
212 Professional Science Center, Macon, GA
May 21, 2015 @ 10:00am - 2:00pm

I. Welcome

Dorothy Zinsmeister, USGRC Chair, called the meeting to order and invited Christopher Blake, President of Middle Georgia State College to provide welcome remarks.

II. Introductions

All attendees introduced themselves. Representatives from 20 of the total 30 USG institutions were in attendance. Also present were USG Faculty Council and Staff Council representatives and four USG Staff Members: Linda Noble (Assistant VC for Academic Affairs), Marion Fedrick (VC for Human Resources), Teresa M. Joyce (Associate VC for Academic Affairs) and Karin Elliot (Associate VC for Total Awards)

Zinsmeister summarized that the primary objectives of the meeting were to (a) receive updates from USG staff on the April 2015 information meetings at all 30 USG institutions and retiree healthcare insurance change, (b) approve the draft resolution of USGRC to the USG staff, and (c) identify future actions.

III. Medicare Eligible Retiree Healthcare: Update on Campus Visits

Reported by Marion Fedrick and Karin Elliott

Information meetings held in April at all USG institutions were very well attended. On some campuses additional sessions were added due to unexpectedly large number of attendees present. Retirees expressed their concerns with the changes and asked good questions. These questions are being compiled in a FAQ format that will include questions asked at these meetings and responses to the questions. The draft document is under review and should be available and posted on the USG website (www.usg.edu/hr/benefits/retiree_benefits) in the next two weeks, that is, around the end of the first week of June. Fedrick and Elliott reported that many retirees were anxious and unhappy while others were more understanding. Several retirees volunteered to help communicate information and assist in making this transition.

Fedrick and Elliott recognized that retirees are keen to know the amount that USG will provide to retirees; however, this information will be available only after the August BOR meeting when the budget will be approved. Their responses to several questions on this issue were reassuring in that USG will continue to provide healthcare to retirees at a level comparable to the current support. They admitted that currently USG does not have a good way to communicate with all retirees and this inadequacy should be addressed immediately. They will seek assistance from USGRC and institution HR departments for developing an effective communication network.

IV. Update on Medicare Eligible Retiree Healthcare Strategy presented to Personnel and Benefits Committee at the May 19, 2015 BOR Meeting

Reported by Marion Fedrick (PPT presentation is attached)

Fedrick shared the PPT of the presentation she had made at the May 19, 2015 BOR meeting. She summarized that the USG Healthcare expenditures in calendar year 2014 went over the budget by approximate \$15.8 million. The projected healthcare cost for 2015 is \$534 million. An analysis of data for the first three months of this year shows that costs are running within the budget. With the upcoming changes 2015 and 2016 are expected to be stabilizing years. The new Medicare-eligible retirees plan for providing benefits through a private marketplace is a proven strategy. She emphasized that Medicare being the primary insurance will pay 80% and USG assisted insurance will continue to provide secondary coverage for the remaining 20%. Retirees will have assistance provided by licensed benefits brokers in one-on-one telephonic meetings for selecting the plan. The BOR will continue to provide funds to cover a *significant* portion of the premium and institutional HR departments will continue to actively participate with retirees. The amount provided by the BOR will be known after the August Board meeting. Fedrick said her recommendations, that are currently under preparation, for the August BOR meeting will be guided to ensure that retirees are treated fairly and the USG's contribution is an amount that will be neutral or save retirees total expenditure for the healthcare.

It was pointed out to her that ability to communicate information to retirees on a timely basis is at least as important as the content of information itself. She admitted that this is something that has to be corrected by developing an effective communication system.

V. USGRC Resolution to the University System of Georgia

David Ewert, USGRC Vice-Chair

Valdosta State University Retiree Association passed a resolution in Feb. 2015 expressing retirees' concerns with the healthcare insurance change. USGRC supported sending a resolution to the USG and approved unanimously the following modified resolution.

Whereas the University System of Georgia has, over the years, provided compensation for services rendered, including salary and an employer share of healthcare benefits, retirement benefits, and benefits into retirement;

Whereas Board of Regents Policy 8.2.9.4 provides for benefits continuation into retirement;

Whereas a retiree healthcare benefit is a post-employment benefit for services already rendered;

Whereas the Board of Regents has approved a multi-year strategy for reducing retiree healthcare costs;

*Whereas that strategy includes replacing the current **defined benefit** of health care insurance with a **defined contribution** to a Healthcare Reimbursement Account (HRA) that retirees will use to purchase coverage through a private healthcare exchange;*

Whereas many individual retirees may not have the expertise to understand the process needed to transition into the healthcare system and to evaluate numerous competing insurance options;

Whereas a defined contribution plan places a potentially greater financial burden of rising healthcare costs on the retiree;

Whereas the University System of Georgia has made no commitment as of now to the amount it will contribute to the Defined Contribution Healthcare Reimbursement Account;

Therefore be it resolved that the University System of Georgia Retiree Council respectfully recommends that

- 1. the University System of Georgia continue to provide, in the coming years, a level of healthcare coverage comparable to or better than what retirees and family members currently have, at a cost that does not place a greater financial burden on them;*
- 2. the University System of Georgia monitor future healthcare costs for the USG and for retired employees and family members, and periodically survey the level of retiree satisfaction with healthcare options provided, for the purpose of improving future options, and, when needed, make all necessary adjustments in order to ensure that retirees and family members continue to receive the comparable level of coverage; and*
- 3. the Chancellor and the staff in the Chancellor's office regularly engage the USG Retiree Council, representing retirees throughout the University System, in meaningful and productive dialogues aimed at formulating mutually agreeable strategies to promote and foster the welfare of USG retirees and of the University System of Georgia.*

VI. New Issues

USGRC representative to the:

Total Rewards Steering Committee (TRSC) is Dorothy Zinsmeister
USG Faculty Council is Anne Richards
USG Staff Council is Pat Wilkins (Back up - Martha Wicker)

There were suggestions for USGRC to take on the following projects:

- a. Develop a registry of retirees and their expertise for use by the USG institutions
- b. Provide help for establishing new retiree associations
- c. Create sub-committees for target objectives.

For example: A sub-committee for developing an effective retiree communication system.

No specific actions were taken on the suggested projects.

VII. Next USGRC Meeting - Month and Location

Next meeting of the USGRC is tentatively scheduled in September (date to be determined by Doodle poll) at Georgia Perimeter College.

Prepared by: Brahm Verma, June 2, 2015