



Overview of
Recent
Changes to GA
State Health
Benefit Plan

Georgia Budget & Policy Institute

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Who We Are

- The Georgia Budget and Policy Institute produces research and state budget analysis to show ways Georgia can provide better education, health care and opportunity for everyone.



Overview

- Setting Stage for 2014 Changes
- Overview of 2014 Changes
- ACA Impact on SHBP
- Moving Forward on SHBP



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10 Years of Showing Georgia What's Possible

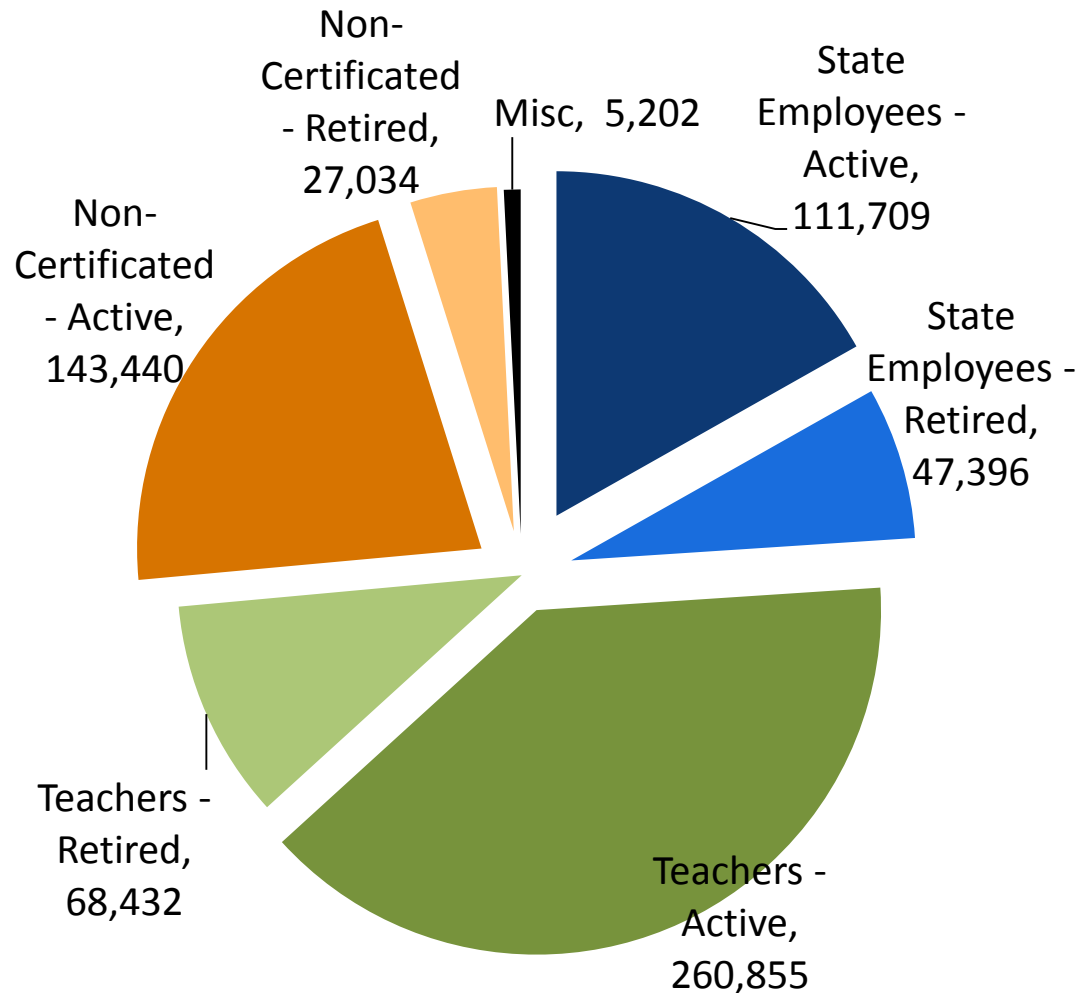
SHBP by the Numbers

>630,000

Georgians
Receiving Health
Coverage

>\$3 B

Worth of Health
Services Delivered
Annually



Notable SHBP Trends

- Plan reserves exhausted in 2009 & 2010 to offset new state contributions to SHBP (\$500-700 M tot)
- Employee Premium Increases
 - 2010, 2011, 2012 – 10% each year
 - Increased surcharge for Tobacco Use
 - Targeted increases related to ACA provisions – notably around dependent coverage up to 26

SHBP Trends Cont...

- Declining Active Employees & Increased Retirees Strains Plan (Retiree Rate up 5 points from 07 to 12)
- Funding Issues for Non-Certificated Employees
 - State funds to help districts with these costs eliminated in aftermath of Recession
 - District costs up >\$300 M since 2010, still don't cover costs for SHBP
 - Planned 2014 increase apparently delayed

The ACA and the State Health Benefit Plan

- Limited Impact on SHBP Because it is Self-Insured
- ACA Provisions Generate SHBP Savings:
 - Temporary Funding Through Early Retiree Reinsurance Program
 - Allows Children of State Employees to Enroll in PeachCare (saves \$ for employees & for plan)

ACA “Costs” Mean New Benefits for Members

- Dependent coverage up to age 26 added 20,000+ Georgians to the plan
- Out of pocket maximum saves money for employees and families
- Preventive services covered without co-pays or deductibles

2014 SHBP Changes Enacted in Fall 2013

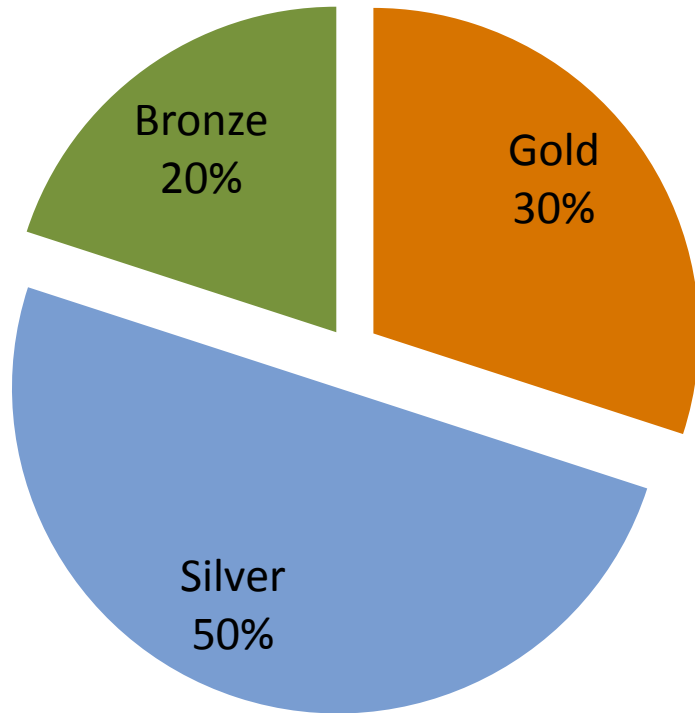
- Single Vendor for Medical: Blue Cross Blue Shield
- Abandon HMO & HSA Options in Favor of 3 Tiers of HRA Plans
- Separate Pharmacy Benefit Manager: Express-Scripts
- Premiums increase/decrease depends on plan selection

Deductibles & HRA Contributions Vary by Tier

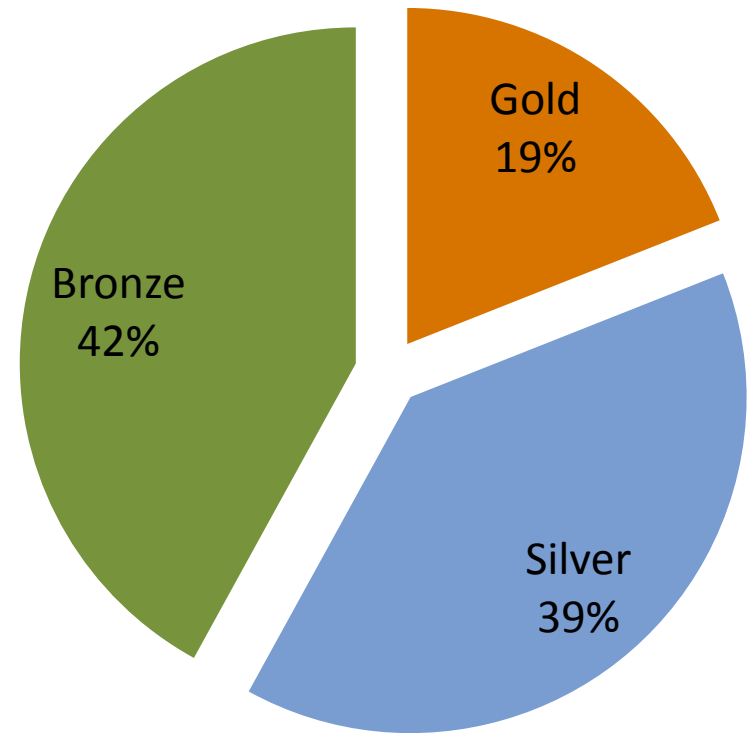
	Gold HRA Option		Silver HRA Option		Bronze HRA Option	
	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network
Covered Services	<i>You Pay</i>		<i>You Pay</i>		<i>You Pay</i>	
Deductible						
• You	\$1,500*	\$3,000*	\$2,000*	\$4,000*	\$2,500*	\$5,000*
• You + Spouse	\$2,250*	\$4,500*	\$3,000*	\$6,000*	\$3,750*	\$7,500*
• You + Child(ren)	\$2,250*	\$4,500*	\$3,000*	\$6,000*	\$3,750*	\$7,500*
• You + Family	\$3,000*	\$6,000*	\$4,000*	\$8,000*	\$5,000*	\$10,000*
	<i>*HRA credits will reduce this amount</i>		<i>*HRA credits will reduce this amount</i>		<i>*HRA credits will reduce this amount</i>	
Out-of-Pocket Maximum						
• You	\$4,000*	\$8,000*	\$5,000*	\$10,000*	\$6,000*	\$12,000*
• You + Spouse	\$6,000*	\$12,000*	\$7,500*	\$15,000*	\$9,000*	\$18,000*
• You + Child(ren)	\$6,000*	\$12,000*	\$7,500*	\$15,000*	\$9,000*	\$18,000*
• You + Family	\$8,000*	\$16,000*	\$10,000*	\$20,000*	\$12,000*	\$24,000*
	<i>*HRA credits will reduce this amount</i>		<i>*HRA credits will reduce this amount</i>		<i>*HRA credits will reduce this amount</i>	
HRA	<i>The Plan Pays</i>		<i>The Plan Pays</i>		<i>The Plan Pays</i>	
HRA Credits						
• You		\$400		\$200		\$100
• You + Spouse		\$600		\$300		\$150
• You + Child(ren)		\$600		\$300		\$150
• You + Family		\$800		\$400		\$200

2014 Plan Choices Skewed to Cheaper Plans With Higher Deductibles

Projected Enrollment Split



Actual Enrollment by Tier



Recent Revisions to 2014 Plan design

- Restore HMO-like qualities (all tiers):
 - Co-pays for office visits
 - Co-pays for pharmacy benefits
- \$115 million annual cost to plan (half in FY 2014)
- Revisiting Plan Design & Vendors for 2015

SHBP Financial Status (DCH Approp Pres)

	FY14	FY15	FY16	FY17
Revenue	3,113,069,262	3,131,856,194	3,089,026,367	3,060,085,561
Baseline Expense*	2,927,444,000	3,151,457,000	3,417,906,000	3,743,943,000
Procurement Savings	(98,230,000)	(281,065,000)	(313,485,000)	(342,783,000)
ACA Impacts	40,421,000	114,835,000	154,031,000	156,155,000
Medicare Advantage	32,195,000	71,654,000	84,821,000	100,421,000
Initial Plan Design Changes	(3,525,000)	(44,451,000)	(90,481,000)	(103,823,000)
Amended Plan Design Changes (Medical and Rx copays)	57,000,000	115,000,000	115,000,000	115,000,000
Revised Expense	<u>2,955,305,000</u>	<u>3,127,430,000</u>	<u>3,367,792,000</u>	<u>3,668,913,000</u>
Net Surplus/(Deficit)	157,764,262	4,426,194	(278,765,633)	(608,827,439)
Prior Year Fund Balance	217,002,261	374,766,523	379,192,717	100,427,084
Reserve Fund Balance	374,766,523	379,192,717	100,427,084	(508,400,356)

SHBP Legislation Introduced in 2014

- SB 328 & HB 868: Requires at least 2 vendors offering health plan options
- SB 281: Requires DCH to offer HDHP/HSA Option
- SB 346: Requires DCH Board to include one SHBP member

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Q & A



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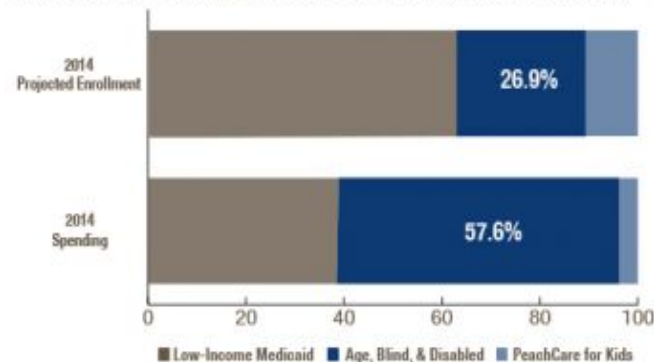
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Bulk of Medicaid Spending Is for Services for Seniors and Disabled Georgians

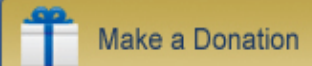


GBPI 2014 Primer: Health Care

Georgia is budgeting about \$4 billion for health care in 2014, the second largest category of state investment. More than half of that is for Medicaid and PeachCare. People enrolled in the Aged, Blind, Disabled Medicaid program account for the bulk of the spending. The health care section also explains...

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