

Colleagues:

On [Tuesday](#), July 13, 2010, I attended the Total Rewards Steering Committee meeting. This was the last meeting before the committee would present its recommendations to Chancellor Davis. The Chancellor will present his recommendations regarding proposed benefits changes for the upcoming plan year to the Board of Regents at their August meeting.

Here are the tactical items that will be included in the Committee's recommendation letter to the Chancellor:

- Self fund the HMO and HDHP; anticipated savings of \$8.5M
- Continue to seed Health Savings Accounts for High Deductible Health Plan (HDHP) enrollees (both new and re-enrolling) at half of 2010 rates; anticipated cost of \$3M
- Institute non-tobacco use discount of \$50 monthly (otherwise known as the "Tobacco Use Surcharge"); committee members were insistent that there be a caveat that you wouldn't pay the surcharge if you quit smoking or are in a smoking-cessation program; smoking cessation programs will be instituted along with the surcharge; this includes only employees, not dependents; anticipated savings of \$5M
- Install various wellness provisions, possibly to include smoking cessation, wellness checks, incentives for keeping prescription regimes, incentives for opting for less invasive surgery, continuation/expansion of the 360 degree program; anticipated net cost/savings is minimal
- Make minor changes to the prescription plan; mostly amounts to a \$5 surcharge on brand-name drugs, with some exceptions; anticipated savings of \$4M
- Implement restrictive health network, voluntary option for the PPO and HDHP plans; much discussion on this issue since some areas of Georgia are not well-served by a restrictive network, emphasis on the fact that this would be a voluntary election on the part of the employee; anticipated savings of \$8M-\$13M
- Require future retirees to pay the full premium (that is their individual contribution, plus the system's contribution) for health insurance when they choose not to elect Medicare Part B; anticipated net cost/savings is minimal

Item still under consideration, but will not be a part of this recommendation from the Committee:

- Spousal surcharge for those employees whose spouses can elect to be covered under their own employers' plans; this is not a common measure for higher education, but is more prevalent in private industry; anticipate savings of \$6.5M

Item that will be considered as a possible strategic measure down the road:

- Redesign the retirement plan to give incentives for retirees who sign up for Medicare Part D

Health care premiums for the coming plan year are still being determined, but the earlier numbers suggested an 8-11% increase in rates, depending on the plan. If more restrictive alternative network plans are offered for the PPO and HDHP, enrollees could see those plan rates drop by approximately 3.5%.

I hope this helps to keep you all up to date on the proposed benefits plan changes. Please feel free to contact me if you need more information, and I will try to find it for you.

-Pierrette

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