

**USG Retiree Healthcare Coverage
Update for USG retirees
(2/27/15)**

Overview:

In November 2013, the Board of Regents approved a change to the retiree healthcare benefit. Effective January 1, 2016, the University System of Georgia (USG) will provide supplemental healthcare coverage for Medicare-eligible retirees through a private retiree healthcare exchange instead of through the USG healthcare plan.

The USG remains committed to providing healthcare coverage to USG retirees:

The USG will continue to provide healthcare coverage to retirees. Moving to a private healthcare exchange for retirees will allow the USG to continue to provide a viable, sustainable retiree benefit for our current and future retirees.

The move to a private healthcare exchange provider is a more efficient way to provide a similar benefit to retirees, while also providing a broader range of options and choices for retirees.

Ensuring a viable, sustainable healthcare benefit for USG retirees:

The current USG healthcare plan for retirees is not sustainable given the continued, rising costs of healthcare coverage.

For example, in 2013, the USG spent \$68 million to pay for supplemental healthcare coverage for USG retirees. For 2014, the USG estimates the final cost will reach \$85 million, a 24 percent increase, when the 2014 coverage year closes March 31, 2015.

A private healthcare exchange presents an opportunity to provide a similar healthcare benefit to retirees yet in a more efficient, cost-saving way while also providing a broad range of options and choices for retirees.

How will this move save the USG money?

Retiree healthcare costs have been increasing over the past several years. Moving to a private exchange with millions of other retirees will help spread the costs of claims.

A larger pool of retirees allows us to spread our risks, and the costs associated with those risks, to millions versus just our USG retirees and their dependents.

What are the advantages to retirees?

Moving to a private healthcare exchange has advantages for both retirees and the University System and will allow the USG to continue to provide a viable, sustainable retiree benefit for our current and future retirees:

- For retirees, a private retiree exchange means greater range of plan choices, both in design and in health insurer, including the insurers offered today to our Medicare eligible population: BCBSGa and Kaiser. The retiree will be able to choose best-in-market plans and maximize the value of each dollar spent on healthcare premiums since the retiree will be able to choose the coverage best able to match their specific needs.
- Retirees will have access to expert benefit advisors and decision tools to help them select and enroll in coverage, as well as advocacy services to assist after enrollment.

What are the advantages to the USG?

Similar coverage offered in the USG healthcare plan can most commonly be obtained at a lessor cost through the private retiree healthcare exchange which will translate into savings for the USG. As such, moving to a retiree exchange will positively impact the University System.

Is supplementary insurance being dropped? If so, will it have an effect on recruitment? Will prospective professors prefer a university that provides health insurance over one that merely will help them find something in the market place?

No, we are not dropping supplemental insurance. We are simply offering it through a different method. We remain committed to providing a retiree healthcare benefit that is valuable to retirees. Some public and higher education employers have moved or are considering a move to private healthcare exchanges, and we anticipate more to follow.

What impact will this have on retirees' benefits and level of coverage?

We expect our retirees will continue to receive a similar level of healthcare coverage that they have been previously provided.

How will older retirees and their dependents fare in the insurance marketplace, even in one specifically designed for older customers?

The USG is moving to a retirees-only private exchange, which is dedicated to the specific needs of retirees. Most retirees that have moved to a private retiree exchange report a positive experience from a choice of carrier, choice of design, price, enrollment experience and ongoing support perspective.

Is this an exchange created by or connected with the Affordable Care Act?

No, a private retiree healthcare exchange is different from public exchanges created by the Affordable Care Act that are run by either individual states or the federal government. This solution is not connected to the public exchanges. Private retiree healthcare exchanges have been around since 2005.

How will you inform retirees?

As planned, communications about the change will be mailed directly to retirees beginning in March and will be followed by in-person meetings, which will include question and answer sessions. Enrollment communications will begin being mailed early fall 2015 and enrollment will occur in the usual October – December 2015 time period.

Why weren't retirees informed earlier?

This is a change that does not take effect until 2016. As with all our benefits, communications begin the previous year, typically in August. However, we had already planned for early spring 2015 communications. An important element we wanted to include in the communications with retirees is the actual private healthcare exchange provider we will be using. We are in final conversations with a private healthcare exchange provider now and expect to have those details soon.