

Senate Bill 284

By: Senators Seabaugh of the 28th and Balfour of the 9th

AS PASSED SENATE

A BILL TO BE ENTITLED

AN ACT

1 To amend Chapter 18 of Title 45, relating to employees' insurance and benefits plans, so as
 2 to create a trust fund to provide for retiree post-employment health care benefits; to provide
 3 for definitions; to provide for the powers and duties of the board and commissioner of
 4 community health; to provide for actuarial services; to provide for related matters; to provide
 5 for an effective date; to repeal conflicting laws; and for other purposes.

6 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

7 **SECTION 1.**

8 Chapter 18 of Title 45, relating to employees' insurance and benefits plans, is amended by
 9 adding a new Article 6 to read as follows:

10 "ARTICLE 6

11 45-18-100.

12 As used in this article, the term:

13 (1) 'Actuarial accrued liability' means that portion, as determined by a particular actuarial
 14 cost method, of the actuarial present value of fund obligations and administrative
 15 expenses which is not provided for by future normal costs.

16 (2) 'Actuarial assumptions' means assumptions regarding the occurrence of future events
 17 affecting costs of the fund such as mortality, withdrawal, disability, and retirement;
 18 changes in compensation and offered post-employment benefits; rates of investment
 19 earnings and asset appreciation or depreciation; procedures used to determine the
 20 actuarial value of assets; and other such relevant items.

21 (3) 'Actuarial cost method' means a method for determining the actuarial present value
 22 of the obligations and administrative expenses of the fund and for developing an
 23 actuarially equivalent allocation of such value to time periods, usually in the form of a
 24 normal cost and an actuarial accrued liability. Acceptable actuarial methods are the

- 1 aggregate, attained age, entry age, frozen attained age, frozen entry age, and projected
2 unit credit methods.
- 3 (4) 'Actuarial present value of total projected benefits' means the present value, at the
4 valuation date, of the cost to finance benefits payable in the future, discounted to reflect
5 the expected effects of the time value of money and the probability of payment.
- 6 (5) 'Actuarial valuation' means the determination, as of a valuation date, of the normal
7 cost, actuarial accrued liability, actuarial value of assets, and related actuarial present
8 values for the fund.
- 9 (6) 'Actuarially sound' means that calculated contributions to the fund are sufficient to
10 pay the full actuarial cost of the fund. The full actuarial cost includes both the normal
11 cost of providing for fund obligations as they accrue in the future and the cost of
12 amortizing the unfunded actuarial accrued liability over a period of no more than 30
13 years.
- 14 (7) 'Administrative expenses' means all expenses incurred in the operation of the fund,
15 including all investment expenses.
- 16 (8) 'Annual required contribution' means the amount determined in accordance with
17 requirements of Governmental Accounting Standards Board Statement No. 43, or any
18 subsequent Governmental Accounting Standards Board statements that may be applicable
19 to the fund.
- 20 (9) 'Board' means the Board of Community Health.
- 21 (10) 'Covered health care expenses' means all actual health care expenses paid by the
22 health plan on behalf of fund beneficiaries. Actual health care expenses include claims
23 payments to providers and premiums paid to intermediary entities and health care
24 providers by the health plan.
- 25 (11) 'Department' means the Department of Community Health.
- 26 (12) 'Eligible to participate' means employees of employers who are participating in the
27 health plan and those employees of employers who qualify to participate in the health
28 plan but choose not to do so.
- 29 (13) 'Employer' means the State of Georgia; the departments, agencies, or institutions of
30 the state; and any political subdivision of the state that employs persons who are eligible
31 to participate in the health plan.
- 32 (14) 'Fund' means the Georgia Retiree Health Benefit Fund established under this article.
- 33 (15) 'Fund beneficiaries' means all persons receiving post-employment health care
34 benefits through the health plan.
- 35 (16) 'Fund participants' means employees of an employer who are eligible to participate
36 in the health plan.

1 (17) 'Health plan' means the state employees' health insurance plan established under
2 Article 1 of this chapter, the health insurance plan for public school teachers established
3 under Subpart 1 of Part 6 of Article 17 of Chapter 2 of Title 20 of the Official Code of
4 Georgia Annotated, and the health insurance plan for public school employees established
5 under Subpart 2 of Part 6 of Article 17 of Chapter 2 of Title 20 of the Official Code of
6 Georgia Annotated.

7 (18) 'Normal cost' means that portion of the actuarial present value of the fund
8 obligations and expenses which is allocated to a valuation year by the actuarial cost
9 method used for the fund.

10 (19) 'Obligations' means the administrative expenses of the fund and the cost of covered
11 health care expenses incurred on behalf of fund beneficiaries less any amounts received
12 by or on behalf of fund beneficiaries.

13 (20) 'Retirement plan' means any retirement or pension plan or any other plan or program
14 which exists on July 1, 2006, or which is created or established on or after that date, and
15 which is maintained by an employer or maintained pursuant to law or other authority of
16 an employer for the purpose of paying retirement benefits to fund beneficiaries. The term
17 shall also include any plan or program that creates a retired position, including, but not
18 limited to, emeritus positions, which provides a salary for such position in lieu of a
19 retirement benefit. The term shall also include a plan that provides for an individual
20 account for each participant and for benefits determined solely upon the amounts
21 contributed by the employer and the participant to the participant's account and any
22 income, expenses, gains, and losses.

23 (21) 'State plan for other post-employment benefits' means the State of Georgia fiscal
24 funding plan for retiree post-employment health care benefits as it relates to
25 Governmental Accounting Standards Board Statement No. 43, or any subsequent
26 Governmental Accounting Standards Board statements that may be applicable to the
27 fund.

28 (22) 'Unfunded actuarial accrued liability' means for any actuarial valuation the excess
29 of the actuarial accrued liability over the actuarial value of the assets of the fund under
30 an actuarial cost method utilized by the fund for funding purposes.

31 45-18-101.

32 (a) There is created the Georgia Retiree Health Benefit Fund to provide for the employer
33 costs of retiree post-employment health insurance benefits.

34 (b) The fund shall be available without fiscal year limitations for covered health care
35 expenses and administration costs. All employer contributions, appropriations, earnings,
36 and reserves for the payment of obligations under this article shall be credited to such fund.

1 The amounts remaining in such fund, if any, after such health care expenses and
2 administration costs have been paid shall be retained in such fund as a special reserve for
3 adverse fluctuation. All assets of the fund shall be used solely for the payment of fund
4 obligations and for no other purpose.

5 45-18-102.

6 (a) Responsibility for the proper operation of the fund is vested in the department.

7 (b) The board shall adopt actuarial assumptions as it deems necessary and prudent.

8 (c) The board shall determine the minimum annual required contribution rates sufficient
9 to maintain the fund in accordance with the state plan for other post-employment benefits.

10 (d) The board may adopt any rules and regulations that it finds necessary to properly
11 administer the fund.

12 (e) The department shall furnish reports to the board at each of the board's regularly
13 scheduled meetings for the board's review. The reports shall contain the most recent
14 information reasonably available to the department reflecting the obligations of the fund,
15 earnings on investments, and such other information as the board deems necessary and
16 appropriate.

17 (f) The commissioner of community health, as executive officer of the board, shall employ
18 such personnel as may be needed to carry out the provisions of this article and such
19 personnel shall be employees of the Department of Community Health. The pro rata share
20 of the costs of operating the Department of Community Health in the manner prescribed
21 by law shall be a part of the administrative costs of the fund.

22 (g) The department may employ or contract for the services of actuaries and other
23 professionals as required to carry out the duties established by this article.

24 (h) The department shall contract with the Division of Investment Services of the Teachers
25 Retirement System of Georgia and the Employees' Retirement System of Georgia for any
26 necessary services with respect to fund investments.

27 (i) The department shall maintain all necessary records regarding the fund in accordance
28 with generally accepted accounting principles, as applicable to the fund.

29 (j) The department shall collect all moneys due to the fund and shall pay any
30 administrative expenses necessary and appropriate for the operation of the fund from the
31 fund.

32 (k) The department shall prepare an annual report of fund activities. Such reports shall
33 include, but not be limited to, audited financial statements.

34 (l) Notwithstanding any other provision of law to the contrary, the department shall be
35 entitled to any information that it deems necessary and appropriate from a retirement
36 system in order that the provisions of Code Section 45-18-103 may be carried out.

1 45-18-103.

2 (a) The actuary employed or retained by the department shall provide technical advice to
3 the department and to the board regarding the operation of the fund.

4 (b) Utilizing the actuarial assumptions most recently adopted by the board, the actuary
5 shall set annual actuarial valuations of normal cost, actuarial liability, actuarial value of
6 assets, and related actuarial present values for the state plan for other post-employment
7 benefits.

8 45-18-104.

9 (a) The department shall have control over the fund established by this chapter. The
10 obligations provided for in this chapter and all administrative expenses shall be paid from
11 the fund. The department may expend moneys from the fund for any purpose authorized
12 by this chapter.

13 (b) The department shall have full power to invest and reinvest its assets, subject to all of
14 the terms, conditions, limitations, and restrictions imposed by Article 7 of Chapter 20 of
15 Title 47, the 'Public Retirement Systems Investment Authority Law.' Subject to such
16 terms, conditions, limitations, and restrictions, the department shall have full power to hold,
17 purchase, sell, assign, transfer, and dispose of any securities and investments in which any
18 of the moneys are invested, including the proceeds of any investments and other moneys
19 belonging to the fund.

20 (c) Except as otherwise provided in this chapter, no member of the board or employee of
21 the department shall have any personal interest in the gains or profits from any investment
22 made by the board or use the assets of the fund in any manner, directly or indirectly, except
23 to make such payments as may be authorized by the board or by the commissioner of
24 community health as the executive officer of the board in accordance with this article.

25 45-18-105.

26 (a) The board shall annually determine the minimum annual required contributions
27 sufficient to maintain the fund in an actuarially sound manner in accordance with
28 Governmental Accounting Standards Board Statement No. 43, or any subsequent
29 Governmental Accounting Standards Board statements that may be applicable to the fund.

30 (b) The board may annually establish employer contribution rates in accordance with the
31 state plan for other post-employment benefits.

32 (c) It shall be the responsibility of employers to make contributions to the fund in
33 accordance with the employer contribution rates established by the board."

1 **SECTION 2.**

2 This Act shall become effective upon its approval by the Governor or upon its becoming law
3 without such approval.

4 **SECTION 3.**

5 All laws and parts of laws in conflict with this Act are repealed.