

Senate Bill 172

By: Senator Goggans of the 7th

AS PASSED SENATE

**A BILL TO BE ENTITLED
AN ACT**

1 To amend provisions of the Official Code of Georgia Annotated relating to public employee
2 health care; to amend Subparts 1 and 2 of Part 6 of Article 17 of Chapter 2 of Title 20 and
3 Article 1 of Chapter 18 of Title 45 of the Official Code of Georgia Annotated, relating to
4 health insurance plans for teachers, public school employees, and employees of the state,
5 respectively, so as to amend provisions relating to the health insurance funds; to provide for
6 employer and retiree contributions to the Georgia Retiree Health Benefit Fund; to amend
7 Article 6 of Chapter 18 of Title 45 of the Official Code of Georgia Annotated, relating to the
8 Georgia Retiree Health Benefit Fund, so as to affirm its trust characteristics; to amend
9 definitions; to provide powers and duties of the board, department, and commissioner of
10 community health; to clarify purposes of the reserve; to provide for related matters; to
11 provide an effective date; to repeal conflicting laws; and for other purposes.

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

13 **SECTION 1.**

14 Subpart 1 of Part 6 of Article 17 of Chapter 2 of Title 20 of the Official Code of Georgia
15 Annotated, relating to health insurance plans for teachers, is amended by adding a new Code
16 Section 20-2-898 to read as follows:

17 "20-2-898.

18 Notwithstanding any other provisions of this subpart, the board shall deposit into the
19 Georgia Retiree Health Benefit Fund created by Code Section 45-18-101 the individual
20 contributions by retirees and the employer contributions respecting retirees provided for
21 by this subpart."

22 **SECTION 2.**

23 Said Subpart 2 of Part 6 of Article 17 of Chapter 2 of Title 20 is further amended by adding
24 a new Code Section 20-2-926 to read as follows:

1 "20-2-926.

2 Notwithstanding any other provisions of this subpart, the board shall deposit into the
3 Georgia Retiree Health Benefit Fund created by Code Section 45-18-101 the individual
4 contributions by retirees and the employer contributions respecting retirees provided for
5 by this subpart."

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7 **SECTION 3.**

8 Article 1 of Chapter 18 of Title 45 of the Official Code of Georgia Annotated, relating to the
9 health insurance fund for public employees, is amended adding to a new Code Section
10 45-18-21 to read as follows:

11 "45-18-21.

12 Notwithstanding any other provisions of this article, the board shall deposit into the
13 Georgia Retiree Health Benefit Fund created by Code Section 45-18-101 the individual
14 contributions by retirees and the employer contributions respecting retirees provided for
15 by this article."

16 **SECTION 4.**

17 Article 6 of Chapter 18 of Title 45 of the Official Code of Georgia Annotated, relating to the
18 Georgia Retiree Health Benefit Fund, is amended by inserting a new paragraph (9.1) in Code
19 Section 45-18-100, relating to definitions, to read as follows:

20 "(9.1) 'Commissioner' means the commissioner of community health."

21 **SECTION 5.**

22 Said Article 6 of Chapter 18 of Title 45 is further amended by revising paragraph (10) of
23 Code Section 45-18-100, relating to definitions, as follows:

24 "(10) 'Covered health care expenses' means all actual health care expenses ~~paid~~
25 incurred by the health plan ~~on behalf of~~ with respect to fund beneficiaries. Actual health
26 care expenses include claims ~~payments~~ incurred with respect to fund beneficiaries and
27 providers and premiums paid incurred with respect to intermediary entities and health
28 care providers by the health plan."

29 **SECTION 6.**

30 Said Article 6 of Chapter 18 of Title 45 is further amended by revising paragraph (15) of
31 Code Section 45-18-100, relating to definitions, as follows:

32 "(15) 'Fund beneficiaries' means all persons receiving post-employment health care
33 benefits as retirees or derivatively through retirees through the health plan."

SECTION 7.

Said Article 6 of Chapter 18 of Title 45 is further amended by revising Code Section 45-18-101, providing for the Georgia Retiree Health Benefit Fund, as follows:

"45-18-101.

(a) There is created the Georgia Retiree Health Benefit Fund to provide for the employer costs of retiree post-employment health insurance benefits. The fund shall be a trust fund of public funds; the board in its official capacity shall be the fund's trustee; and the commissioner in his or her official capacity shall be its administrator.

(b) The fund shall be available and dedicated without fiscal year limitations for covered health care expenses and administration costs. All employer and retiree contributions, appropriations, earnings, and reserves for the payment of obligations under this article shall be irrevocably credited to such fund. The amounts remaining in such fund, if any, after such health care expenses and administration costs have been paid shall be retained in such fund as a special reserve for ~~adverse fluctuation~~ covered health care expenses and administration costs. The board shall determine the time and amounts of distributions from the special reserve for covered health care expenses and administration costs. All assets of the fund excluding amounts identified in subsection (c) of this Code section shall be used solely for the payment of fund obligations and for no other purpose and shall be protected from creditors of the state and the employers."

SECTION 8.

Said Article 6 of Chapter 18 of Title 45 is further amended by revising Code Section 45-18-102, relating to the responsibilities, duties, and powers of the department, board, and commissioner of community health with regard to the Georgia Retiree Health Benefit Fund, as follows:

"45-18-102.

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

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

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

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

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

1 ~~appropriate.~~ The board shall adopt rules and regulations to account for employer
 2 contributions and other assets separately and by each pension plan separately.

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

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

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

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

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

18 (k) The department shall prepare an annual report of fund activities for the board, the
 19 House Appropriations Committee, and the Senate Appropriations Committee. Such reports
 20 shall include, but not be limited to, audited financial statements. The reports shall contain
 21 the most recent information reasonably available to the department reflecting the
 22 obligations of the fund, earnings on investments, and such other information as the board
 23 deems necessary and appropriate. This report is due September 30 and shall reflect activity
 24 on a state fiscal year basis.

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

28 **SECTION 9.**

29 Said Article 6 of Chapter 18 of Title 45 is further amended by revising Code Section
 30 45-18-104, relating to the control, investment, and regulation of conflicts of interest of board
 31 members with regard to the Georgia Retiree Health Benefit Fund, as follows:

32 "45-18-104

33 (a) Subject to the supervision of the board, the commissioner ~~The department~~ shall have
 34 control over the fund established by this chapter. The obligations provided for in this
 35 chapter and all administrative expenses shall be paid from the fund. The department may
 36 expend moneys from the fund for any purpose authorized by this chapter.

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

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

SECTION 10.

Said Article 6 of Chapter 18 of Title 45 is further amended by revising Code Section 45-18-105, relating to the determination of annual required contributions and annual employer contribution rates with regard to the Georgia Retiree Health Benefit Fund, as follows:

"45-18-105.

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

(b) ~~The~~ In addition to the employer contributions required to be made to the fund for the health plan as determined from fiscal year to fiscal year under Part 6 of Article 17 of Chapter 2 of Title 20 and under Article 1 of this chapter, the board may annually establish employer contribution rates in accordance with the state plan for other post-employment benefits.

(c) It shall be the responsibility of state agencies to make contributions to the fund, subject to appropriations, in accordance with the employer contribution rate established by the board.

~~(c)~~(d) It shall be the responsibility of all other employers to make contributions to the fund in accordance with the employer contribution rates established by the board in addition to the employer contributions required to be made to the fund for the health plan as determined from fiscal year to fiscal year under Part 6 of Article 17 of Chapter 2 of Title 20 and Article 1 of this chapter."

SECTION 11.

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2 This Act shall become effective July 1, 2007.

SECTION 12.

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