

Senate Bill 122

By: Senators Goggans of the 7th and Hill of the 4th

A BILL TO BE ENTITLED  
AN ACT

1 To amend Chapter 18 of Title 45 of the Official Code of Georgia Annotated, relating to  
2 employees insurance and benefits plans, so as to divide the Georgia Retiree Health Benefit  
3 Fund into two funds; to define certain terms; to create the Georgia State Retiree Health  
4 Benefit Fund and the Georgia School Retiree Health Benefit Fund; to repeal the Georgia  
5 Retiree Health Benefit Fund; to provide for applicability; to provide for related matters; to  
6 repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Chapter 18 of Title 45 of the Official Code of Georgia Annotated, relating to employees  
10 insurance and benefits plans, is amended by revising Article 6, relating to the Georgia Retiree  
11 Health Benefit Fund, as follows:

12 "ARTICLE 6

13 45-18-100.

14 As used in this article, the term:

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

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

23 (3) 'Actuarial cost method' means a method for determining the actuarial present value  
24 of the obligations and administrative expenses of the ~~fund~~ funds and for developing an  
25 actuarially equivalent allocation of such value to time periods, usually in the form of a

26 normal cost and an actuarial accrued liability. Acceptable actuarial methods are the  
 27 aggregate, attained age, entry age, frozen attained age, frozen entry age, and projected  
 28 unit credit methods.

29 ~~(4)~~ 'Actuarial present value of total projected benefits' means the present value, at the  
 30 valuation date, of the cost to finance benefits payable in the future, discounted to reflect  
 31 the expected effects of the time value of money and the probability of payment.

32 ~~(5)~~(4) 'Actuarial valuation' means the determination, as of a valuation date, of the normal  
 33 cost, actuarial accrued liability, actuarial value of assets, and related actuarial present  
 34 values for the ~~fund~~ funds.

35 ~~(6)~~(5) 'Actuarially sound' means that calculated contributions to the ~~fund~~ funds are  
 36 sufficient to pay the full actuarial cost of the ~~fund~~ funds. The full actuarial cost includes  
 37 both the normal cost of providing for fund obligations as they accrue in the future and the  
 38 cost of amortizing the unfunded actuarial accrued liability over a period of no more than  
 39 30 years.

40 ~~(7)~~(6) 'Administrative expenses' means all expenses incurred in the operation of the ~~fund~~  
 41 funds, including all investment expenses.

42 ~~(8)~~(7) 'Annual required contribution' means the amount determined in accordance with  
 43 requirements of Governmental Accounting Standards Board Statement No. 43, or any  
 44 subsequent Governmental Accounting Standards Board statements that may be applicable  
 45 to the ~~fund~~ funds.

46 ~~(9)~~(8) 'Board' means the Board of Community Health.

47 ~~(9.1)~~(9) 'Commissioner' means the commissioner of community health.

48 (10) 'Covered health care expenses' means all actual health care expenses incurred by the  
 49 health plan with respect to fund beneficiaries. Actual health care expenses include claims  
 50 incurred with respect to fund beneficiaries and providers and premiums incurred with  
 51 respect to intermediary entities and health care providers by the health plan.

52 (11) 'Department' means the Department of Community Health.

53 (12) 'Eligible to participate' means employees of employers who are participating in the  
 54 health plan and those employees of employers who qualify to participate in the health  
 55 plan but choose not to do so.

56 (13) 'Employer' means the State of Georgia; the departments, agencies, or institutions of  
 57 the state; and any political subdivision of the state that employs persons who are eligible  
 58 to participate in the health plan.

59 ~~(15)~~(14) 'Fund beneficiaries' means all persons receiving post-employment health care  
 60 benefits as retirees or derivatively through retirees through the health plan.

61 ~~(14)~~(15) 'Fund Funds' means the Georgia State Retiree Health Benefit Fund and the  
 62 Georgia School Retiree Health Benefit Fund established under this article.

63 ~~(16) 'Fund participants' means employees of an employer who are eligible to participate~~  
 64 ~~in the health plan.~~

65 ~~(17)~~(16) 'Health plan' means the state employees' health insurance plan established under  
 66 Article 1 of this chapter, the health insurance plan for public school teachers established  
 67 under Subpart 1 of Part 6 of Article 17 of Chapter 2 of Title 20 ~~of the Official Code of~~  
 68 ~~Georgia Annotated~~; and the health insurance plan for public school employees established  
 69 under Subpart 2 of Part 6 of Article 17 of Chapter 2 of Title 20 ~~of the Official Code of~~  
 70 ~~Georgia Annotated~~.

71 ~~(18)~~(17) 'Normal cost' means that portion of the actuarial present value of the fund  
 72 obligations and expenses which is allocated to a valuation year by the actuarial cost  
 73 method used for the ~~fund~~ funds.

74 ~~(19)~~(18) 'Obligations' means the administrative expenses of the ~~fund~~ funds and the cost  
 75 of covered health care expenses incurred on behalf of fund beneficiaries less any amounts  
 76 received by or on behalf of fund beneficiaries.

77 ~~(20) 'Retirement plan' means any retirement or pension plan or any other plan or program~~  
 78 ~~which exists on July 1, 2006, or which is created or established on or after that date, and~~  
 79 ~~which is maintained by an employer or maintained pursuant to law or other authority of~~  
 80 ~~an employer for the purpose of paying retirement benefits to fund beneficiaries. The term~~  
 81 ~~shall also include any plan or program that creates a retired position, including, but not~~  
 82 ~~limited to, emeritus positions, which provides a salary for such position in lieu of a~~  
 83 ~~retirement benefit. The term shall also include a plan that provides for an individual~~  
 84 ~~account for each participant and for benefits determined solely upon the amounts~~  
 85 ~~contributed by the employer and the participant to the participant's account and any~~  
 86 ~~income, expenses, gains, and losses.~~

87 ~~(21)~~(19) 'State plan for other post-employment benefits' means the State of Georgia fiscal  
 88 funding plan for retiree post-employment health care benefits as it relates to  
 89 Governmental Accounting Standards Board Statement No. 43, or any subsequent  
 90 Governmental Accounting Standards Board statements that may be applicable to the ~~fund~~  
 91 funds.

92 ~~(22)~~(20) 'Unfunded actuarial accrued liability' means for any actuarial valuation the  
 93 excess of the actuarial accrued liability over the actuarial value of the assets of the ~~fund~~  
 94 funds under an actuarial cost method utilized by the ~~fund~~ funds for funding purposes.

95 45-18-101.

96 (a) There is created the Georgia State Retiree Health Benefit Fund to provide for the costs  
 97 of retiree post-employment health insurance benefits. The fund shall be a trust fund of

98 public funds; the board in its official capacity shall be the fund's trustee; and the  
99 commissioner in his or her official capacity shall be its administrator.

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

104 (c) On July 1, 2009, the board shall identify the funds held in the Georgia Retiree Health  
105 Benefit Fund by the source of the contributions and shall on that date transfer such funds  
106 to the appropriate fund created by subsections (a) and (b) of this Code section. The  
107 Georgia Retiree Health Benefit Fund shall then cease to exist and all obligations shall be  
108 transferred to the appropriate fund.

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

120 45-18-102.

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

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

123 (c) ~~Reserved.~~

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

126 ~~(e)~~(d) The board shall adopt rules and regulations to account for employer contributions  
127 and other assets separately and by each pension plan separately.

128 ~~(f)~~(e) The commissioner, as executive officer of the board, shall employ such personnel  
129 as may be needed to carry out the provisions of this article and such personnel shall be  
130 employees of the ~~Department of Community Health~~ department. The pro rata share of the  
131 costs of operating the ~~Department of Community Health~~ department in the manner  
132 prescribed by law shall be a part of the administrative costs of the ~~fund funds~~.

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

135 ~~(h)~~(g) The department shall contract with the Division of Investment Services of the  
 136 Teachers Retirement System of Georgia and the Employees' Retirement System of Georgia  
 137 for any necessary services with respect to fund investments.

138 ~~(i)~~(h) The department shall maintain all necessary records regarding the ~~fund~~ funds in  
 139 accordance with generally accepted accounting principles, as applicable to the ~~fund~~ funds.

140 ~~(j)~~(i) The department shall collect all moneys due to the ~~fund~~ funds and shall pay any  
 141 administrative expenses necessary and appropriate for the operation of the ~~fund~~ funds from  
 142 the ~~fund~~ funds.

143 ~~(k)~~(j) The department shall prepare an annual report of fund activities for the board, the  
 144 House Appropriations Committee, and the Senate Appropriations Committee. Such reports  
 145 shall include, but not be limited to, audited financial statements. The reports shall contain  
 146 the most recent information reasonably available to the department reflecting the  
 147 obligations of the ~~fund~~ funds, earnings on investments, and such other information as the  
 148 board deems necessary and appropriate. This report is due September 30 and shall reflect  
 149 activity on a state fiscal year basis.

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

153 45-18-103.

154 (a) The actuary employed or retained by the department shall provide technical advice to  
 155 the department and to the board regarding the operation of the ~~fund~~ funds.

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

160 45-18-104.

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

165 (b) Subject to the supervision of the board, the commissioner shall have full power to  
 166 invest and reinvest its assets, subject to all of the terms, conditions, limitations, and  
 167 restrictions imposed by Article 7 of Chapter 20 of Title 47, the 'Public Retirement Systems

168 Investment Authority Law.' Subject to such terms, conditions, limitations, and restrictions,  
169 the commissioner shall have full power to hold, purchase, sell, assign, transfer, and dispose  
170 of any securities and investments in which any of the moneys are invested, including the  
171 proceeds of any investments and other moneys belonging to the ~~fund~~ funds.

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

177 45-18-105.

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

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

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

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

196 **SECTION 2.**

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