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TO: SHBP Payroll Locations (Non-Contract Group Payroll Locations)
FROM: Lekeisha Johnson, Deputy Chief State Health Benefit Plan
SUBJECT: SHBP Annuitant Years of Service Subsidy Policy for Retirees
DATE: December 23, 2016

Beginning January 1, 2017, the new rate structure under the Annuitant Years of Service Subsidy Policy (“Policy”) will be implemented, which will affect your active employees and new hires when they **retire**, if they: 1) were not enrolled in SHBP as of January 1, 2012 and/or 2) had less than five (5) years of service in a state retirement system as of January 1, 2012.¹

For individuals subject to the Policy at retirement, their rates will be based on their years of service as provided by the applicable state retirement system from which they will receive an annuity. The new rate structure will apply as follows:

- The subsidy amount that each retiree will receive for their health coverage will increase with every year of retirement service beginning at 10 years through 30 years.
- The subsidy starts at 15% for 10 years of service and maxes out at 75% for 30 or more years of service (but must not be higher than the subsidy for active members). This means the more years of service an employee has at retirement, the lower their premium will be (up to the maximum provided above).
- Additionally, the subsidy for dependents starts at 15% for retirees with 10 years of service and maxes out at 55% for retirees with 30 or more years of service. This means the more years of service an employee has at retirement, the lower their dependents’ premium will be (up to the maximum provided above).

Attached to this communication are Frequently Asked Questions (FAQs) related to the implementation of the Policy. Additionally, a rate calculator is located on the DCH website (<http://dch.georgia.gov/annuitant-years-service-subsidy-policy>) for the purposes of estimating a retiree’s rate for coverage during the 2017 Plan Year. The rate calculator provides an estimate of the most common rate scenarios, but does not include every possible combination, especially in the cases of split rates.

¹ Note active employees who 1) were enrolled in SHBP as of January 1, 2012 and had five years of service in a state retirement system as of January 1, 2012 will be subject to the Annuitant Basic Subsidy Policy (“old rate structure”) upon retirement.



**GEORGIA DEPARTMENT
OF COMMUNITY HEALTH**

For questions regarding the Annuitant Years of Service Subsidy Policy, please contact the SHBP Member Services Center at 800.610.1863 or you may email questions regarding the Policy to Annuitant.Subsidy@dch.ga.gov.

Annuitant Years of Service Subsidy Policy Frequently Asked Questions (FAQs) December 16, 2016

What are the requirements for a retiree to be subject to the Annuitant Years of Service Subsidy Policy?

A retiree will be subject to the Annuitant Years of Service Subsidy Policy if: the retiree was not covered by SHBP as of January 1, 2012 and/or did not have five years of service in a state retirement system (i.e., ERS, TRS, LRS) as of January 1, 2012. All other retirees who were **BOTH** covered under SHBP as of January 1, 2012 **AND** had five or more years of service are subject to the current Annuitant Basic Subsidy Policy and who are considered grandfathered in.

I am an active employee with five years of service as of January 1, 2012 and was not enrolled in SHBP as of January 1, 2012 but I am currently enrolled in SHBP. Will I be subject to the Annuitant Years of Service Subsidy Policy?

Yes, as indicated in the policy, a retiree must meet **BOTH** requirements: be covered under SHBP as of January 1, 2012 **AND** have five years of service as of January 1, 2012.

How will SHBP determine a retiree's years of service?

Each applicable state retirement system (i.e., ERS, TRS, and LRS) will provide SHBP information which indicates whether or not a retiree had five years of service as of January 1, 2012. For retirees subject to the Annuitant Years of Service Subsidy Policy, each applicable state retirement system will also provide SHBP the number of years of service that a retiree had upon their retirement. Years of service are determined by the state retirement systems and not by SHBP.

I have years of service in two different state retirement systems. How will SHBP determine my years of service in order to calculate my subsidy?

SHBP will utilize the years of service provided by the state retirement system from which the retiree receives an annuity.

My spouse and I are both retirees and have "state on state" coverage, meaning we are both covered under SHBP. I am considered the "member" and my spouse is the "dependent." I was not covered under SHBP as of January 1, 2012, but was covered at the time of my retirement. However, my spouse was covered under SHBP as of January 1, 2012. Will the Annuitant Years of Service Subsidy Policy apply to us?

Yes, application of the subsidy is based on the Member's status (not the Dependent's status) as of January 1, 2012; therefore, the subsidy will apply.

FAQ



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How will I know what my premium will be if I am subject to the Annuitant Years of Service Subsidy Policy?

For estimation purposes only, SHBP has provided a rate calculator on its website www.dch.ga.gov to help members estimate their premiums for 2017. The rate calculator provides rate estimates based on a member's plan tier (employee, employee + spouse, etc.) and plan option (BCBS HMO, UHC Medicare Advantage Standard, etc.). Please note rates are approved annually by the DCH Board of Community Health.

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