



Nathan Deal, Governor

Frank W. Berry, Commissioner

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February 2017

Dear Valued SHBP Member,

Last month, the State Health Benefit Plan (SHBP) provided notice that SHBP was implementing the new methodology that was passed by the Board of Community Health in December 2011 for applying subsidies that may directly impact your cost of health coverage. The old methodology is known as the Annuitant Basic Subsidy Policy (Old Policy) and the new methodology is the Annuitant Years of Service Subsidy Policy (New Policy). This letter is intended to help clarify which Policy individuals will fall under. Specifically, we would like to clarify that, as outlined more fully below, it is no longer necessary for members who were Active Employees with five (5) years of service in a State retirement system on January 1, 2012 to have also been enrolled in SHBP on January 1, 2012 to fall under the Old Policy.

Annuitant Basic Subsidy Policy (Old Policy)

The Old Policy applies to the following members:

- Members who were enrolled in SHBP coverage as Annuitants on January 1, 2012;
- Members who were Active Employees with at least five (5) years of service in a State retirement system on January 1, 2012; and
- Members who were enrolled in SHBP coverage as Former Employees on January 1, 2012. (Former Employees are individuals who have a minimum of eight (8) years of service and are entitled to State Extended Coverage.)

For members who fall under the Old Policy, their dependents will also fall under the Old Policy.

Annuitant Years of Service Subsidy Policy (New Policy)

Members who do not fall under the Old Policy will fall under the New Policy. Members' rates under the New Policy will be based on their years of service, which will be provided by the State retirement system.¹ The New Policy's methodology remains the same as provided in the December 2016 letter and is applied as follows:

¹ SHBP does not calculate or determine members' years of service. This information will be made available to SHBP from the State retirement system(s) upon a member's actual retirement from their applicable State retirement system. Therefore, prior to retirement, SHBP is unable to provide a member their total years of service as of 1/1/2012.



- The subsidy percentage for each member increases with every year of service beginning at 10 years through 30 or more years. Members with 0-9 years of service (i.e., less than 10 years of service) will receive no subsidy.
- For members, the subsidy range is a minimum of 15% for 10 years of service (i.e., 10 years of service = 15% subsidy), and a maximum of 75% for 30 or more years of service (i.e., 30 or more years of service = 75%; and cannot be greater than the subsidy for Active Employee).
- The subsidy amount for each dependent increases with every year of service for the member beginning at 10 years through 30 or more years.
- For dependents, the subsidy range is a minimum of 15% for a dependent if the member has 10 years of service and a maximum of 55% if the member has 30 or more years of service (but cannot be greater than the subsidy for an Active Employee's dependent minus 20%).

An Annuitant Years of Service Subsidy Policy Review Process (Review Process) will be available to Annuitants. Since SHBP does not know if members will retire from a State retirement system until a member retires nor does SHBP have access to members' years of service prior to a member's retirement, the Review Process will only be available at the time of retirement.

Additional Information

The SHBP rate calculator is available on our website (<https://dch.georgia.gov/annuitant-years-service-subsidy-policy>) for the purposes of estimating a member's rate under the New Policy for coverage during the 2017 Plan Year.²

For questions regarding the New Policy, please contact the SHBP Member Services Center at 800.610.1863 or via email at annuitant.subsidy@dch.ga.gov.

Sincerely,

Frank W. Berry
Commissioner

² 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.