



## Senate Press Office

### RELEASE

For Immediate Release:  
September 1, 2009

### RELEASE

For Information Contact:  
Raegan Weber, Director  
Raegan.weber@senate.ga.gov  
404.656.0028

## Notes from the Senate

By Sen. Bill Heath



During this financial crisis, the General Assembly has done everything we can to achieve budget efficiencies without hurting vital services to Georgia's citizens. In addition, we've provided some tax credits and protections where we can to help with Georgians' pocket books. We have done budget cuts, taken furlough days, provided property tax protections, and updated retiree benefits. As chairman of the Retirement Committee, I took a personal interest in how we were changing the State Health Benefit Plan (SHBP) for retirees.

Because of all the confusion and misconception out there, let me begin with the changes to the plan. In 2009, Medicare Advantage plans were offered as an option to retirees under the age of 65. Starting Jan. 1, 2010, if retirees want to continue receiving the 75 percent contribution to their coverage, they will be required to enroll in a Medicare Advantage Plan (MAP). If a retiree chooses not to switch and wants to stay with their current plan, they will be responsible for all costs. These plans are offered through CIGNA or United HealthCare.

MAPs are plans approved by Medicare. They replace original Medicare, parts A Hospital, B Medical, and any part D plan purchased. Advantages of this plan include no deductible for prescription coverage and allowances for eyeglasses and hearing aides. Another important advantage of this plan is the option for a mail order pharmacy to be available to its members. The mail order pharmacy is only required to be **an option** to members, but **participation is not required** of the retiree. This option is about offering better service to the retiree. The plan also offers certain incentives for using the mail order plan such as free generics for specific prescriptions. This plan has a potential to save retirees \$120 per year per prescription. Previously, Georgia had been one of only three states that did not offer this service. Experts consider the mail order option to be better in that it offers lower costs and better quality.

The updates to the SHBP for retirees save the state \$2.4 billion in liability. They will also save the state \$855.6 million in other post employment Benefits liability. At a time when the phrase "money is tight" seems an understatement, these savings will help the state survive the worst of the financial crisis, not to mention the money retirees could save. The plan will open new options to its members. Quality will

not diminish and care will continue to be effective and efficient. Both parties, the state and the retirees, will benefit from the changes.

There is a concern that these changes will take business away from Georgia pharmacies. Remember, the mail order portion of the plan is entirely optional. Members do not have to participate. Also keep in mind that independent pharmacies are minimally affected by these changes. For example, less than three out of every hundred SHBP retirees who have 90-day scripts use independent pharmacies to have them filled. This impact is spread over approximately 700 independent pharmacies in the Georgia United Health Care and Cigna's network. Therefore no significant changes are expected with respect to economic conditions and these independent pharmacies. The General Assembly has consistently heard that SHBP is "out of step" with industry standards and continuously receives complaints from teachers, state employees and retirees about the lack of a mail order option.

I want to thank the Department of Community Health for their work in conjunction with the General Assembly to find a creative solution in the restructure of the retiree benefits. MAPs are intended to increase service while decreasing costs to the retiree and to the state. We are bringing Georgia up to modern standards by offering the mail order prescription plan while providing better service to retirees and saving billions of state dollars. As legislators we have a responsibility and duty to watch over taxpayer dollars. Tough economic times force us to be creative and think outside the box and often times this leads to a better way of doing business. The time for conducting business as usual is over. We must back up and look at the priorities of the people to live, work and build a new economy.

###

*Sen. Bill Heath serves as Chairman of the Retirement Committee and Governor Sonny Perdue's Floor Leader in the Senate. He represents the 31<sup>st</sup> Senate District which consists of Haralson and Polk counties and portions of Bartow and Paulding counties. He may be reached at 404.651.7738 or by email at [bill.heath@billheath.net](mailto:bill.heath@billheath.net).*