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**GEORGIA DEPARTMENT OF
COMMUNITY HEALTH**

**GEORGIA STATE EMPLOYEES POST-EMPLOYMENT
HEALTH BENEFIT FUND
&
GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT
HEALTH BENEFIT FUND**

**REPORT OF THE ACTUARY ON THE
RETIREE MEDICAL VALUATIONS**

PREPARED AS OF JUNE 30, 2023





Cavanaugh Macdonald

CONSULTING, LLC

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May 13, 2024

Georgia Department of Community Health
Financial Services
2 Martin Luther King JR Dr SE, East Tower, 17th Floor
Atlanta, GA 30334

Members of the Board:

The State OPEB Fund and School OPEB Fund are cost-sharing multiple-employer defined benefit postemployment healthcare plans and are reported as employee benefit trust funds. The Funds are administered by a Board of Community Health (Board) that is comprised of nine members, including two former State of Georgia employees and seven industry professionals. The OCGA § 45-18-25 and § 20-2-875, for the State and School OPEB funds respectively, assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees to the Board. The Georgia Department of Community Health (DCH) is the State agency responsible for obtaining the valuation of the two OPEB Funds. Enclosed are the results of the annual actuarial valuations of the State Employee OPEB Fund and the School Personnel OPEB Fund prepared as of June 30, 2023.

Based on the recent and projected pattern of employer contributions to the State Employee OPEB Fund and the long-term rate of return assumption on investments, the State is expected to contribute an amount each year that is a significant portion of the actuarially determined employer contribution. Therefore, the discount rate for the State Fund remains at 7.00%, representing the assumed long term rate of return for this Fund. The discount rate for the School Fund remains at 4.50% because the current pattern of employer contributions is not sufficient to cover the actuarially determined employer contribution. Therefore, the discount rate used to determine the present value of benefits for the School Fund needs to be reflective of the blend between the expected investment return on long term investments and on cash and other very short-term investments.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. Review of the ACA information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results at this time other than plan design features and fees currently mandated and incorporated in the plan designs, which are included in the current baseline claims costs and trend assumption. For the IRA, in anticipation of 2025 Medicare Part D redesign, we increased the trend assumption from 2024 to 2025. Continued monitoring of the impact of both acts and other legislation, if applicable, on the Plan's liability will be required.

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com
Offices in Kennesaw, GA • Bellevue, NE



Georgia Department of Community Health
May 13, 2024
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The impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Given the uncertainty regarding COVID-19 (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections), continued monitoring of the impact on the Plan's liability will be required.

As separate and distinct Cost Sharing Multiple-Employer Plans, both OPEB Funds separately value their own OPEB liabilities, report the results, and make the appropriate disclosures under GASB. The Plan and the employers will be required to comply with the financial reporting requirements of GASB Statements No. 74 and 75. The necessary disclosure information will be provided in separate supplemental reports.

The OPEB liabilities of the State OPEB Fund are determined based on projected expenses for retired State employees enrolled in the SHBP. The OPEB liabilities of the School Personnel OPEB Fund are determined based on projected expenses for retired teachers and public school employees enrolled in the SHBP. Projected expenses are determined based on eligibility requirements in effect on January 1, 2024 and benefit offerings in effect on January 1, 2024. Results are shown separately for the State Employee OPEB Fund, which primarily includes members of the Employees' Retirement System (ERS), the Judicial Retirement System (JRS), and the Legislative Retirement System (LRS), and the School Personnel OPEB Fund, which primarily includes members of the Teachers' Retirement System (TRS) and the Public School Employees' Retirement System (PSERS). Although data from the retirement systems are used in the valuation, members are ultimately placed into the State Fund or the School Fund based on their last employer payroll location code.

Actuarial Certification

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in benefit provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuations were prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the medical plans and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of each plan.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Alisa Bennett'.

Alisa Bennett, FSA, EA, FCA, MAAA
President

A handwritten signature in blue ink, appearing to read 'Jessica Fain'.

Jessica Fain, EA, MAAA
Associate Actuary



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**GEORGIA DEPARTMENT OF COMMUNITY HEALTH
STATE AND SCHOOL OPEB FUNDS
REPORT OF THE ACTUARY ON THE RETIREE MEDICAL VALUATION
PREPARED AS OF JUNE 30, 2023**

EXECUTIVE SUMMARY

Overview

The State OPEB Fund provides postemployment health benefits (including benefits to qualified beneficiaries of eligible former employees) due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with DCH for inclusion in the plan. The School OPEB Fund provides postemployment health benefits (including benefits for qualified beneficiaries of eligible former employees) due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies, and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from one of the State's retirement plans.

Federal Legislation

The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. Review of the ACA information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results at this time other than plan design features and fees currently mandated and incorporated in the plan designs, which are included in the current baseline claims costs and trend assumption. For the IRA, in anticipation of 2025 Medicare Part D redesign, we increased the trend assumption from 2024 to 2025. Continued monitoring of the impact of both acts and other legislation, if applicable, on the Plan's liability will be required.

COVID-19

The impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Given the uncertainty regarding COVID-19 (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections), continued monitoring of the impact on the Plan's liability will be required.

Total Covered Payroll Development

For the June 30, 2023 OPEB valuation, census data was provided by DCH for both active and retired members participating in the SHBP health plans. This data included, among other items, a payroll location code which could be used in conjunction with the pension data provided by ERS, JRS, and LRS for the State Fund and TRS and PSERS for the School Fund, to obtain additional information and to determine eligibilities and participation election patterns.

The payroll location codes and the various pension plan data are used to develop a methodology to determine the Total Covered Payroll. The methodology attempts to estimate Total Covered Payroll for all eligible members, including waivers. Our methodology is as follows:

- Use the Total Covered Payroll for the pension systems as a starting point.
- Exclude compensation for pension plan members who are known to be ineligible for SHBP based on their payroll location codes. These would include, among others, certain Tax Officials, certain University or Charter School employees and certain library employees.



Total Covered Payroll Development

The Total Covered Compensation development for the State Fund is shown below.

State (ERS, JRS, LRS)	6/30/2023
Pension Payroll	
ERS	2,914,452,962.01
JRS	65,990,000.00
LRS	4,350,000.00
Total	2,984,792,962.01
Ineligible based on payroll codes	(79,762,046.05)
TRS that are associated with State	218,609,878.56
State Total Covered Payroll	\$ 3,123,640,794.52

The estimated Total Covered Compensation development for the School Fund is shown below.

School (TRS, PSERS, Atlanta and Fulton County Schools)	6/30/2023
Pension Payroll	
TRS	14,296,081,933.83
PSERS	521,925,785.06
Atlanta and Fulton County Schools (estimate)	97,094,296.56
Total	14,915,102,015.45
Ineligible Board of Regents	(2,180,262,861.54)
Ineligible based on payroll codes	(536,328,186.64)
ERS that are associated with School	10,311,786.80
School Total Covered Payroll	\$ 12,208,822,754.07



State Employee OPEB Fund

The State Employee OPEB Fund intends to begin pre-funding benefits and current assets have accumulated to the level needed for significant long-term investment. Assets are invested in the same manner as are assets of the Georgia Employees' Retirement System (ERS) and therefore the long term rate of return assumption is the same as ERS. For the June 30, 2023 valuation, a discount rate of 7.00% has been used for the State Employee OPEB Fund.

The plan designs offered for the 2024 plan year are as follows:

For Medicare-eligible members

- UnitedHealthcare Medicare Advantage (MAPD) Plan Options (Standard and Premium)
- Anthem Blue Cross and Blue Shield Medicare Advantage (MAPD) Plan Options (Standard and Premium)

Non-MA Plan Options

- Anthem BCBS Gold, Silver, Bronze Health Reimbursement Arrangement (HRA) Plan Options
- Anthem BCBS, Kaiser Permanente (KP) and UnitedHealthcare Health Maintenance Organization (HMO) Plan Options
- UnitedHealthcare High Deductible Health Plan (HDHP)

The valuation indicates that a Pre-Funding Contribution in the amount of \$55,067,945 or 1.77% of total covered payroll, payable for the fiscal year ending June 30, 2026 is needed to actuarially support the benefits of the State Employee OPEB Fund.

If the employer contributions are made at the required levels each year, and the Fund earns 7.00% in investment return each year, then the Fund will be projected to cover the cost of all future benefits. Schedule A shows the sensitivity of the key measures of the valuation to the discount rate assumption and the healthcare trend assumption.

Medical and drug benefits of the SHBP offered in 2024 to State Employees are used as a basis for the actuarially calculated contribution rate which is developed using the entry age normal actuarial cost method with projected benefits. Although there are State dental and vision plans, they are employee-pay-all and, therefore, not included in the liabilities. As of June 30, 2023, the assets in trust solely to provide benefits to retirees and their beneficiaries is \$2,030,743,633. Gains and losses are reflected in the unfunded accrued liability that is assumed amortized by regular annual contributions as a level percentage of payroll within a closed 29-year period, on the assumption that payroll will increase by 3.00% annually. The assumptions are recommended by the actuary and are in the aggregate, reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund.

School Personnel OPEB Fund

Although the School Employee OPEB Fund intends to begin pre-funding benefits, the current assets have not yet accumulated to the level needed for significant long-term investment. Therefore, the discount rate used to determine the present value of benefits needs to be reflective of the expected investment return on cash and other very short-term investments. For the June 30, 2023 valuation, a discount rate of 4.50% has been used for the School Personnel OPEB Fund.



The plan designs offered for the 2024 plan year are as follows:

For Medicare-eligible members

- UnitedHealthcare Medicare Advantage (MAPD) Plan Options (Standard and Premium)
- Anthem Blue Cross and Blue Shield Medicare Advantage (MAPD) Plan Options (Standard and Premium)

Non-MA Plan Options

- Anthem Gold, Silver, Bronze Health Reimbursement Arrangement (HRA) Plan Options
- Anthem, Kaiser Permanente (KP) and UnitedHealthcare Health Maintenance Organization (HMO) Plan Options
- UnitedHealthcare High Deductible Health Plan (HDHP)

The valuation indicates that a Pre-Funding Contribution in the amount of \$767,496,965 payable for the fiscal year ending June 30, 2026 is required to actuarially support the benefits of the School Personnel OPEB Fund.

If the employer contributions are not increased to the required levels, the Fund will not be projected to cover the cost of all future benefits. If the employer contributions are increased to the required levels, and the Fund earns 4.50% in investment return each year, then the Fund will be projected to cover the cost of all future benefits. If the assets are invested in such a way as to expect a rate of return higher than 4.50%, then the discount rate used in valuing liabilities could be increased. Schedule A shows the sensitivity of the key measures of the valuation to the discount rate assumption and the healthcare trend assumption.

Medical and drug benefits of the SHBP offered in 2024 to teachers and non-certificated public school employees are used as a basis for the actuarially calculated contribution rate which is developed using the entry age normal actuarial cost method with projected benefits. As of June 30, 2023, the assets in trust solely to provide benefits to retirees and their beneficiaries is \$705,291,211. Gains and losses are reflected in the unfunded accrued liability that is assumed amortized by regular annual contributions as a level percentage of payroll within a closed 29-year period, on the assumption that payroll will increase by 3.00% annually. The assumptions are recommended by the actuary and are in the aggregate, reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund.



STATE EMPLOYEE OPEB FUND



Section I – Summary of Principal Results

GEORGIA DEPARTMENT OF COMMUNITY HEALTH STATE EMPLOYEE OPEB FUND REPORT OF THE ACTUARY ON THE RETIREE MEDICAL VALUATION PREPARED AS OF JUNE 30, 2023

1. For convenience of reference, the principal results of the valuation are summarized below. The following table summarizes the June 30, 2023 and June 30, 2022 results for the State Employee OPEB Fund.

Valuation Date Discount Rate	June 30, 2023 7.00%	June 30, 2022 7.00%
Members Receiving SHBP Benefits		
Actives	45,714	44,690
Retirees	37,050	37,579
Spouses of Retirees	11,770	12,092
Total*	<u>94,534</u>	<u>94,361</u>
Total Covered Payroll	\$ 3,123,640,795	\$ 2,772,498,728
Actuarial Accrued Liability	\$ 2,420,221,149	\$ 2,316,895,916
Assets:		
Market Value	2,030,743,633	1,801,133,376
Unfunded Actuarial Accrued Liability	\$ 389,477,516	\$ 515,762,540
Funded Ratio	83.9%	77.7%
Amortization	29 Years Closed	30 Years Closed
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Fiscal Year	2026	2025
Pre-Funding Contribution		
Normal	\$ 33,296,268	\$ 30,847,147
Accrued Liability	21,771,677	28,306,828
Total	<u>\$ 55,067,945</u>	<u>\$ 59,153,975</u>
Contribution as a % of Payroll		
Normal	1.07%	1.11%
Accrued Liability	0.70%	1.02%
Total	<u>1.77%</u>	<u>2.13%</u>

*In addition, in 2023 data was collected for 12,439 State active employees who have waived health coverage under SHBP. It is assumed 20% of these members will elect SHBP coverage before retirement and be eligible for an OPEB benefit.



Section I – Summary of Principal Results

The following table summarizes the Unfunded Actuarial Accrued Liability and the Pre-Funding Contribution for the State Employee OPEB Fund for June 30, 2023 and June 30, 2022:

Valuation Date	June 30, 2023	June 30, 2022
State Employee OPEB Fund		
Unfunded Actuarial Accrued Liability	\$ 389,477,516	\$ 515,762,540
Pre-Funding Contribution (\$)	\$ 55,067,945	\$ 59,153,975
Discount Rate	7.00%	7.00%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

- The valuation indicates that contributions of \$55,067,945 are sufficient to support current benefits of the State Employee OPEB Fund. Comments on the valuation results as of June 30, 2023 are given in Section IV and further discussion of the contribution levels is set out in Sections V and VI. Schedule A shows the results of the valuation using a 6.00% discount rate for illustrative purposes.
- Schedule C of this report outlines the full set of actuarial assumptions and methods employed in the current valuation. Approximately 6.00% of State Employee OPEB Fund members who are included in the State Employee OPEB Fund Total OPEB Liability participate in the Georgia Teachers Retirement System. Assumptions for these members can be found in the School Employee OPEB Fund section of this report.
- Schedule D of this report outlines the summary of plan provisions as interpreted for valuation purposes.



Section I – Summary of Principal Results

5. The following table details the change in the Unfunded Accrued Liability (UAL). All dollar amounts are expressed in millions.

State Employee OPEB Fund	
June 30, 2022 Discount Rate	7.00%
June 30, 2023 Discount Rate	7.00%
June 30, 2022 UAL	\$ 515.8
June 30, 2022 Normal Cost	\$ 30.8
Pre-Funding Contribution	\$ 59.2
Fiscal Year 2023 Actual Contribution	\$ 177.7
1. Expected UAL Based on Pre-Funding Contribution	\$ 523.6
2. Expected UAL Based on Actual Contributions	401.0
3. (Gain)/Loss due to Contribution Different from Pre-Funding Contribution = 2. - 1.	\$ (122.6)
4. (Gain)/Loss due to Claims and Retiree Premium Experience	\$ 16.9
5. (Gain)/Loss due to Assumption Changes*	29.4
6. (Gain)/Loss due to Investment Experience	(119.2)
7. (Gain)/Loss due to Other**	61.4
8. Actual UAL June 30, 2023 = 1. + 3. + 4. + 5. + 6. + 7.	\$ 389.5
June 30, 2022 Accrued Liability (AL)	\$ 2,316.9
Other as a % of June 30, 2022 AL	2.65%

* Assumptions regarding Medicare HealthCare Trend Rates were updated.

** Other category includes changes due to such sources as retirements, terminations, deaths, etc., differing from the assumed rates, new entrants entering the plan with a partial year of service credit at the valuation date, and actual cash flow and investment timing different from assumed.



Section II – Membership Data

1. Data regarding the membership of the plans for use as a basis of the valuation were furnished by the Department of Community Health. Census from the Employees' Retirement System, the Judicial Retirement System, and the Legislative Retirement System was used to obtain additional information as appropriate. The following table shows the number of retirees, spouses of retirees and active employees currently participating in the SHBP health plans on the basis of which the valuation was prepared.

State Employee OPEB Fund	Total
Number of Retirees	37,050
Number of Spouses of Retirees	11,770
Number of Actives	45,714

The valuation was based upon data furnished by the State pension retirement systems and the Georgia Department of Community Health staff, concerning active, inactive, and retired members along with pertinent claims data and financial information. This information was reviewed for completeness and internal consistency but was not audited. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete our results may be different, and our calculations may need to be revised. In the June 30, 2023 valuation, 1,055 active members out of over 45,000 total active members were not found in a recent active eligible role. For these records, entry age was assumed to be equal to the information that could be found in their former active role or, if no information could be found, their current age for valuation purposes. 5 active members were missing information regarding gender, so gender was assumed to be female.



Section II – Membership Data

2. Detailed membership summaries are shown in the following tables:

STATE EMPLOYEE OPEB FUND

Active Employees Currently Participating in Health Plans by Age and Service

Age	Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 & Up	
Under 25	753	14	0	0	0	0	0	767
25 to 29	2,794	613	7	0	0	0	0	3,414
30 to 34	2,631	2,030	332	6	0	0	0	4,999
35 to 39	1,965	1,818	979	430	9	0	0	5,201
40 to 44	1,704	1,480	916	1,295	415	6	0	5,816
45 to 49	1,495	1,263	823	1,173	1,200	351	2	6,307
50 to 54	1,339	1,325	796	1,074	1,099	1,018	162	6,813
55 to 59	1,126	992	684	969	872	738	466	5,847
60 to 64	769	827	546	717	599	467	395	4,320
65 to 69	217	360	276	294	201	145	155	1,648
70 & Up	44	65	126	133	84	49	81	582
Total	14,837	10,787	5,485	6,091	4,479	2,774	1,261	45,714

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	8,188	3,642	11,830
65 and Older	28,862	8,128	36,990
Total	37,050	11,770	48,820



Section III – Assets

Schedule B shows information regarding assets for valuation purposes. As of June 30, 2023, assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the Fund equal \$2,030,743,633.

For the June 30, 2023 valuation, a discount rate of 7.00% has been used for the State Employee OPEB Fund. The long-term rate of return is used to project Health Care Fund solvency for both the actuarial valuation and for GASB purposes.



Section IV – Comments on Valuation

1. Page 1 of this report outlines the results of the actuarial valuation. Schedule A shows the sensitivity of the key measures of the valuation to the discount rate assumption and the healthcare trend assumption. The valuation was prepared in accordance with the actuarial assumptions and the actuarial cost method, which are described in Schedule C, and the summary of plan provisions, which are described in Schedule D.
2. The valuation shows that the State Employee OPEB Fund has an actuarial accrued liability of \$1,301,327,231 for benefits expected to be paid on account of the present active membership, based on service to the valuation date.
3. The State Employee OPEB Fund's liability on account of benefits payable to retirees and covered spouses amounts to \$1,118,893,918.
4. The total State Employee OPEB Fund actuarial accrued liability amounts to \$2,420,221,149.
5. Against these liabilities, the Fund has present assets for valuation purposes in the amount of \$2,030,743,633. Therefore, the total unfunded actuarial accrued liability for the State Employee OPEB Fund is \$389,477,516.
6. The normal contribution is equal to the actuarial present value of benefits accruing during the current year. The normal contribution for the State Employee OPEB Fund is determined to be \$33,296,268.



Section V – Contributions Payable Under the Plan

**PRE-FUNDING EMPLOYER CONTRIBUTION
For Fiscal Year Ending June 30, 2026**

Pre-Funding Contribution	
State Employee OPEB Fund	
Normal	\$ 33,296,268
Accrued Liability	21,771,677
Total	<u>\$ 55,067,945</u>

1. The valuation indicates that the normal contribution for the State Employee OPEB Fund is determined to be \$33,296,268.
2. The unfunded actuarial accrued liability amounts to \$389,477,516 and is for employees, retirees, and covered spouses that will receive benefits paid from the State Employee OPEB Fund.
3. An accrued liability contribution for the State Employee OPEB Fund of \$21,771,677 is sufficient to amortize the unfunded actuarial accrued liability over a closed 29-year period, based on the assumption that the contribution will increase by 3.00% annually.
4. The total Pre-Funding Contribution for the State Employee OPEB Fund is, therefore, \$55,067,945.



Section VI – Comments on Level of Funding

1. The monthly contribution for retirees to opt into the medical plan is based on plan election, Medicare eligibility and election, dependent coverage election and, depending on date of hire, potentially service at retirement. Claims, premiums, and associated costs paid by the employer, on behalf of the retiree, as well as contributions placed in trust will be considered as contributions towards the pre-funding contribution. All employer contributions shown in this report are net of retiree monthly contributions, which are shown in Schedule D as Retiree Premiums.
2. The valuation indicates a decrease in the recommended employer contribution for the State Employee OPEB Fund from last year's recommended amount of \$59,153,975 to the current valuation amount of \$55,067,945.
3. This contribution of \$55,067,945 is required to meet the cost of benefits currently accruing and provide for the amortization of the unfunded actuarial accrued liability over a closed period of 29 years.
4. The decrease in the recommended contribution is primarily due to employer contributions and investment earnings higher than anticipated. The decrease was partially offset by demographic experience and changes to assumed future increases in Medicare costs.



Section VII – Accounting Information

The information required under the Governmental Accounting Standards Board (GASB) Statements No. 74 and 75 will be issued in separate reports. The following information is provided for informational purposes only.

1. Schedule of Funding Progress and Schedule of Employer Contributions

SCHEDULE OF FUNDING PROGRESS

State Employee OPEB Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / c
6/30/2014	\$ 0	\$ 2,871,842,791	\$ 2,871,842,791	0.0%	\$ 2,293,104,232	125.2%
6/30/2015	101,450,424	3,529,009,722	3,427,559,298	2.9	2,333,060,000	146.9
6/30/2016	516,245,110	3,609,889,324	3,093,644,214	14.3	2,404,901,000	128.6
6/30/2017	854,937,155	3,642,055,909	2,787,118,754	23.5	2,535,721,817	109.9
6/30/2018	1,201,865,359	3,351,781,850	2,149,916,491	35.9	2,625,900,449	81.9
6/30/2019	1,617,205,106	3,160,407,063	1,543,201,957	51.2	2,797,240,916	55.2
6/30/2020	1,667,521,273	2,428,965,439	761,444,166	68.7	2,815,892,316	27.0
6/30/2021	1,938,442,606	1,973,205,222	34,762,616	98.2	2,673,570,122	1.3
6/30/2022	1,801,133,376	2,316,895,916	515,762,540	77.7	2,772,498,728	18.6
6/30/2023	2,030,743,633	2,420,221,149	389,477,516	83.9	3,123,640,795	12.5

Assumptions were changed beginning with the 6/30/2015 valuation to reflect the retirement systems' experience studies. In 2017, the methodology used to split members between State and School was changed and the participation and tobacco use assumptions were changed. In 2021, the discount rate was increased from 4.50% to 7.00%. In 2022, aging factors and tobacco use assumptions were changed, the actuarial cost method was changed to Entry Age Normal, and the amortization period was closed.



Section VII – Accounting Information

SCHEDULE OF EMPLOYER CONTRIBUTIONS

State Employee OPEB Fund

Fiscal Year Ending	Pre-Funding Contribution	Actual Employer Contribution	Percentage of Pre-Funding Contribution Contributed
<u>Date</u>	<u>(a)</u>	<u>(b)</u>	<u>(b / a)</u>
6/30/2014	\$ 321,455,891	\$ 177,045,380	55.1%
6/30/2015	275,680,773	267,235,185	96.9
6/30/2016	259,249,981	574,015,317	221.4
6/30/2017	202,091,859	498,201,623	246.5
6/30/2018	232,161,217	501,574,024	216.0
6/30/2019	218,961,977	534,672,565	244.2
6/30/2020	210,033,627	150,489,009	71.6
6/30/2021	178,423,443	151,708,520	85.0
6/30/2022	152,791,816	161,693,246	105.8
6/30/2023	105,487,828	177,692,980	168.4

2. The information presented in the supplementary schedules was determined as part of the actuarial valuation at June 30, 2023. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2023
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, Closed
Remaining amortization period	29
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	7.00%
Healthcare cost trend rate*	
Initial	6.75%
Ultimate	4.50%
Year of Ultimate trend rate	2032
*Includes inflation at	2.50%



Schedule A – Results of the Valuation

Assumed Discount Rate Sensitivity Analysis

The following table shows the sensitivity of the key measures of the valuation to the discount rate assumption.

**STATE EMPLOYEE OPEB FUND
(\$ shown in thousands)**

State Employee OPEB Fund	Assumed Discount Rate Sensitivity Analysis	
	Discount Rate 7.00%	Discount Rate 6.00%
ACTUARIAL ACCRUED LIABILITY		
Present Value of Prospective Benefits Payable in Respect of:		
(a) Present Active Members	\$ 1,301,327	\$ 1,463,249
(b) Present Retired Members and Covered Spouses	1,118,894	1,192,626
(c) Total Actuarial Accrued Liability	\$ 2,420,221	\$ 2,655,875
PRESENT ASSETS FOR VALUATION PURPOSES	\$ 2,030,744	\$ 2,030,744
UNFUNDED ACTUARIAL ACCRUED LIABILITY	\$ 389,477	\$ 625,131
FUNDED RATIO	83.9%	76.5%
CONTRIBUTIONS FOR FISCAL YEAR ENDING June 30, 2026:		
Normal	\$ 33,296	\$ 42,049
Accrued Liability	21,772	31,310
Total	\$ 55,068	\$ 73,359



Schedule A – Results of the Valuation

Trend Rate Sensitivity Analysis

The following table shows the sensitivity of the key measures of the valuation to the healthcare trend assumption. Our baseline trend assumption is shown on page 15. Since the 2025 Medicare Advantage rates are unknown at this time, for the baseline valuation, we estimated an increase in the \$0 UHC Standard premium to \$20 for 2025 and a 6.50% increase to all other MA plans. For the sensitivity results, we increased healthcare trend by 1% for each year and we also estimated an increase in the \$0 UHC Standard premium to \$50 for 2025.

STATE EMPLOYEE OPEB FUND (\$ shown in thousands)

State Employee OPEB Fund	Trend Rate Sensitivity Analysis	
	Baseline 7.00%	Sensitivity 7.00%
ACTUARIAL ACCRUED LIABILITY		
Present Value of Prospective Benefits Payable in Respect of:		
(a) Present Active Members	\$ 1,301,327	\$ 1,510,715
(b) Present Retired Members and Covered Spouses	1,118,894	1,243,290
(c) Total Actuarial Accrued Liability	\$ 2,420,221	\$ 2,754,005
PRESENT ASSETS FOR VALUATION PURPOSES	\$ 2,030,744	\$ 2,030,744
UNFUNDED ACTUARIAL ACCRUED LIABILITY	\$ 389,477	\$ 723,261
FUNDED RATIO	83.9%	73.7%
CONTRIBUTIONS FOR FISCAL YEAR ENDING		
June 30, 2026:		
Normal	\$ 33,296	\$ 40,926
Accrued Liability	21,772	40,430
Total	\$ 55,068	\$ 81,356



Schedule B – Plan Assets

GASB defines plan assets as resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employers or plan administrator, for the payment of benefits in accordance with the terms of the plan. Assets in the trust may be used to pay health benefits to current retirees and their beneficiaries.

As of June 30, 2023, assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the State Employee OPEB Fund equal \$2,030,743,633.

For the June 30, 2023 valuation, a discount rate of 7.00% has been used for the State Employee OPEB Fund.



Schedule C – Outline of Actuarial Assumptions and Methods

VALUATION DATE: June 30, 2023

DISCOUNT RATE: 7.00% per annum, compounded annually

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions. Our trend assumption is based on the analysis of national average trend surveys for both the pre-Medicare and Medicare-eligible populations, stepping down to an ultimate trend rate assumption for both groups of general price inflation plus 2.00%. Because of the 2025 plan design changes to Medicare Part D due to the Inflation Reduction Act, we have increased our Medicare-eligible trend assumption from 2024 to 2025. Since the 2025 Medicare Advantage rates are unknown at this time, we estimated an increase in the \$0 UHC Standard premium to \$20 for 2025 and a 6.50% increase to all other MA plans.

Year	Pre-Medicare	Post-Medicare
2023	6.75%	6.75%
2024	6.50	17.50
2025	6.25	6.25
2026	6.00	6.00
2027	5.75	5.75
2028	5.50	5.50
2029	5.25	5.25
2030	5.00	5.00
2031	4.75	4.75
2032 and Beyond	4.50	4.50

EXPECTED ANNUAL CLAIMS: Per capita costs are adjusted to reflect expected cost changes related to age. The relative value factors used were developed from the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries. Representative values of the expected annual claims are as follows:

Pre-Medicare Retirees*

Age	Male	Female
40	\$5,595	\$9,129
45	6,934	9,665
50	9,056	11,261
55	11,882	13,119
60	15,306	15,301
64	18,694	17,913

* Retirees selecting one of the HRA plans will also receive annual credits to use for eligible medical expenses. For 2024, the credits are \$400 for the Gold Plan, \$200 for the Silver Plan and \$100 for the Bronze plan. For members participating in the Anthem or UnitedHealthcare plans, wellness credits up to \$480 are available to those completing certain wellness requirements. It is assumed that 50% of eligible plan participants receive the additional wellness credits.



Schedule C – Outline of Actuarial Assumptions and Methods

2024 premium rates, trended to the valuation date, were used to develop the expected claims costs for Medicare Advantage Plan retirees. Based on recent experience, it is assumed that 95% of retirees will choose UHC plans and 5% of retirees will choose Anthem plans. It is further assumed that 30% choose a Premium plan and 70% choose a Standard plan.

Medicare-Eligible Retirees*

Age	Male	Female
65	\$649	\$618
70	789	760
75	937	888
80	1,087	1,023
85	1,225	1,154
90	1,345	1,253

* Claims costs for current retirees with no Medicare Part A coverage were assumed to be 373% of the claims shown above based on a review of premium cost and plan split between those with Medicare Part A and those without.



Schedule C – Outline of Actuarial Assumptions and Methods

ANTICIPATED PARTICIPATION: Representative values of the assumed annual rates of member participation and spouse coverage by future retirees are as follows. Members who elect to participate are assumed to participate for the remainder of their lives and no lapses are assumed.

	State
Member Participation*:	
If 5 years of service on 1/1/2012	95%
If less than 5 years of service on 1/1/2012:	
Years of Service at Retirement:	
30+	95%
25-29	90%
20-24	80%
15-19	65%
10-14	50%
Under 10	20%
Spouse Coverage**:	
If retiree had 5 years of service on 1/1/2012	40%
If retiree had less than 5 years of service on 1/1/2012:	
Years of Retiree Service at Retirement:	
30+	32%
25-29	30%
20-24	26%
15-19	20%
10-14	18%
Under 10	8%

* Sufficient experience for developing plan specific participation rates for members with less than 5 years of service on 1/1/2012 has not yet developed, so assumptions for participation are based on level of subsidization. Active employees currently waiving health coverage are assumed to join the plan at a later date at the rate of 20% and then participate in the same pattern as current participating members. The 20% assumption is based on actual experience using past 4 years of waiver data.

** Wives are assumed to be three years younger than husbands.

ACTUARIAL METHOD: Costs were determined using the Entry Age Normal, Level Percentage of Pay Actuarial Cost Method. Under this method, a calculation is made for retirement benefits to determine the uniform and constant percentage rate of contribution which, if applied to the compensation of the average new member during the entire period of his or her anticipated covered service, would be required to meet the cost of benefits payable. Actuarial gains and losses are reflected in the unfunded actuarial accrued liability.

ACTUARIAL VALUE OF ASSETS: Market Value



State Employee OPEB Fund Members Participating in the Employees Retirement System of Georgia

Note: Approximately 6.00% of State Employee OPEB Fund members who are included in the State Employee OPEB Fund Total OPEB Liability participate in the Georgia Teachers Retirement System. Assumptions for these members can be found in the School Employee OPEB Fund section of this report.

Actuarial assumptions and methods adopted by the Georgia Employees Retirement System Board December 17, 2020.

SALARY INCREASES:

Service	Assumed Annual Rate of Salary Increase
1	6.75%
2	5.75
3	5.25
4	5.00
5	4.75
10	4.30
15	4.05
20	3.80
25	3.55
30	3.30
35 & Over	3.00

RATES OF DISABILITY: Representative values of the assumed annual rates of disability are as follows.

Age	Non-Law Enforcement		Law Enforcement
	Male	Female	
20	0.000%	0.000%	0.000%
25	0.000	0.000	0.000
30	0.010	0.005	0.050
35	0.040	0.010	0.125
40	0.200	0.085	1.125
45	0.375	0.215	2.625
50	0.625	0.365	3.625
55	0.875	0.565	4.125
60	--	--	--



**State Employee OPEB Fund Members Participating in the
Employees Retirement System of Georgia**

RATES OF WITHDRAWAL: Representative values of the assumed annual rates of withdrawal are as follows.

Non-Law Enforcement			
Age	Years of Service		
	0-4	5-9 Male	10 & Over
20	40.00%		
25	30.00	16.25%	
30	25.00	12.50	8.00%
35	23.00	10.50	6.25
40	20.00	9.50	4.75
45	20.00	8.50	4.00
50	17.00	7.25	4.50
55	15.00	6.75	4.75
60	14.50	5.50	--
65	14.50	12.50	--
Female			
20	35.00%		
25	27.00	18.00%	
30	23.00	12.50	9.00%
35	20.00	10.25	6.50
40	18.00	9.00	5.25
45	17.00	8.00	4.25
50	16.00	7.50	4.25
55	15.00	7.25	4.25
60	15.50	7.00	--
65	16.50	12.00	--

Law Enforcement		
Age	Years of Service	
	0-9	10 & Over
20	11.00%	
25	6.50	3.00%
30	5.25	3.00
35	5.25	3.00
40	5.25	2.50
45	5.25	2.50
50	5.25	2.50
55	--	--



**State Employee OPEB Fund Members Participating in the
Employees Retirement System of Georgia**

RATES OF RETIREMENT: Representative values of the assumed annual rates of service retirement are as follows.

Age	Non-Law Enforcement Old Plan							
	Early Retirement		Age 60 or 30 years		34 years		More than 34 years	
	Male	Female	Male	Female	Male	Female	Male	Female
50	2.0%	2.0%	7.5%	6.0%	100.0%	100.0%	90.0%	100.0%
52	2.0	2.0	7.5	6.0	100.0	100.0	90.0	100.0
55	3.0	3.5	7.5	10.0	100.0	100.0	75.0	90.0
57	3.0	5.0	10.5	10.0	100.0	100.0	70.0	70.0
60			15.0	20.0	97.5	95.0	40.0	55.0
62			32.0	40.0	97.5	95.0	40.0	65.0
65			35.0	40.0	35.0	40.0	35.0	40.0
67			35.0	35.0	35.0	35.0	35.0	35.0
70			35.0	35.0	35.0	35.0	35.0	35.0
75			100.0	100.0	100.0	100.0	100.0	100.0

Age	Non-Law Enforcement New Plan and GSEPS				Law Enforcement
	Early Retirement		Normal Retirement		
	Male	Female	Male*	Female**	
50	5.0%	3.80%	60.0%	42.0%	75.0%
52	5.0	3.80	50.0	42.0	60.0
55	6.0	5.80	50.0	40.0	15.0
57	6.0	7.30	45.0	37.0	15.0
60			25.0	28.0	30.0
62			37.5	37.5	35.0
65			32.0	33.0	25.0
67			32.0	32.0	25.0
70			30.0	30.0	100.0
75			100.0	100.0	

* An additional 20% are assumed to retire in the first year eligible for unreduced retirement with 30 years of service before age 60.

** An additional 25% for ages below 53 and 20% for ages 53 to 59 are assumed to retire in the first year eligible for unreduced retirement with 30 years of service before age 60.



State Employee OPEB Fund Members Participating in the Employees Retirement System of Georgia

RATES OF DEATH BEFORE RETIREMENT: The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service. Representative values of the assumed annual rates of mortality while in active service are as follows:

Annual Rates of Death*					
Age	Males	Females	Age	Males	Females
20	0.0370%	0.0130%	45	0.0980%	0.0560%
25	0.0280	0.0090	50	0.1490	0.0830
30	0.0360	0.0150	55	0.2190	0.1230
35	0.0470	0.0230	60	0.3190	0.1860
40	0.0660	0.0360	65	0.4680	0.2960

* Base mortality rates as of 2010 before application of the improvement scale

RATES OF DEATHS AFTER RETIREMENT: The Pub-2010 Family of Tables projected generationally with MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

Representative values of the assumed annual rates of mortality are as follows:

Annual Rates of Death*						
Age	Service Retirement		Disability Retirement		Beneficiaries	
	Males	Females	Males	Females	Males	Females
50	0.3371%	0.2516%	1.2576%	1.5720%	0.7918%	0.3843%
55	0.4861	0.3251	1.8725	1.8465	0.9402	0.5334
60	0.6941	0.4493	2.3484	2.0734	1.1978	0.7529
65	1.0532	0.7366	2.7573	2.3914	1.7257	1.1057
70	1.7882	1.2863	3.4536	3.0337	2.7157	1.7000
75	3.1448	2.2799	4.4743	4.2432	4.3036	2.7500
80	5.6427	4.0900	6.0986	6.3674	6.8879	4.6778
85	10.0958	7.6043	8.8220	9.8909	11.3049	8.4315
90	16.9785	13.8596	12.9831	14.4849	18.6083	14.6496

* Base mortality rates as of 2010 before application of the improvement scale



**State Employee OPEB Fund Members Participating in the
Georgia Judicial Retirement System**

SALARY INCREASES: 3.75% annually.

RATES OF WITHDRAWAL AND DISABILITY BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of withdrawal and disability before service retirement are as follows:

Age	Annual Rates of	
	Withdrawal	Disability
25	5.00%	.0125%
30	5.00	.0250
35	5.00	.0375
40	4.00	.0500
45	3.50	.0875
50	2.75	.1250
55	2.75	.2250
60	2.50	.3625
65	2.50	.5875

RETIREMENT: The assumed annual rates of retirement are shown below.

Age	Annual Rates of Retirement
60	15%
61-64	10
65	13
66 – 67	15
68 – 69	18
70 – 77	25
78	100



State Employee OPEB Fund Members Participating in the Georgia Judicial Retirement System

RATES OF DEATH BEFORE RETIREMENT: The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service. Representative values of the assumed annual rates of mortality while in active service are as follows:

Annual Rates of Death*					
Age	Males	Females	Age	Males	Females
20	0.0370%	0.0130%	45	0.0980%	0.0560%
25	0.0280	0.0090	50	0.1490	0.0830
30	0.0360	0.0150	55	0.2190	0.1230
35	0.0470	0.0230	60	0.3190	0.1860
40	0.0660	0.0360	65	0.4680	0.2960

* Base mortality rates as of 2010 before application of the improvement scale

RATES OF DEATHS AFTER RETIREMENT: The Pub-2010 Family of Tables projected generationally with MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

Representative values of the assumed annual rates of mortality are as follows:

Annual Rates of Death*						
Age	Service Retirement		Disability Retirement		Beneficiaries	
	Males	Females	Males	Females	Males	Females
50	0.3371%	0.2516%	1.2576%	1.5720%	0.7918%	0.3843%
55	0.4861	0.3251	1.8725	1.8465	0.9402	0.5334
60	0.6941	0.4493	2.3484	2.0734	1.1978	0.7529
65	1.0532	0.7366	2.7573	2.3914	1.7257	1.1057
70	1.7882	1.2863	3.4536	3.0337	2.7157	1.7000
75	3.1448	2.2799	4.4743	4.2432	4.3036	2.7500
80	5.6427	4.0900	6.0986	6.3674	6.8879	4.6778
85	10.0958	7.6043	8.8220	9.8909	11.3049	8.4315
90	16.9785	13.8596	12.9831	14.4849	18.6083	14.6496

* Base mortality rates as of 2010 before application of the improvement scale



**State Employee OPEB Fund Members Participating in the
Georgia Legislative Retirement System**

SALARY INCREASES: None.

RATES OF WITHDRAWAL BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of withdrawal before service retirement are as follows:

Age	Annual Rates of Withdrawal
25	9.00%
30	9.00
35	9.00
40	10.00
45	11.00
50	9.25
55	8.00
60	8.00
65	8.00

SERVICE RETIREMENT: The assumed annual rates of retirement are shown below:

Age	Annual Rate	Age	Annual Rate
60	8%	66	10%
61	8%	67	10%
62	12%	68	10%
63	8%	69	15%
64	8%	70-79	15%
65	10%	80	100%



State Employee OPEB Fund Members Participating in the Georgia Legislative Retirement System

RATES OF DEATH BEFORE RETIREMENT: The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service. Representative values of the assumed annual rates of mortality while in active service are as follows:

Annual Rates of Death*					
Age	Males	Females	Age	Males	Females
20	0.0370%	0.0130%	45	0.0980%	0.0560%
25	0.0280	0.0090	50	0.1490	0.0830
30	0.0360	0.0150	55	0.2190	0.1230
35	0.0470	0.0230	60	0.3190	0.1860
40	0.0660	0.0360	65	0.4680	0.2960

* Base mortality rates as of 2010 before application of the improvement scale

RATES OF DEATHS AFTER RETIREMENT: The Pub-2010 Family of Tables projected generationally with MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

Representative values of the assumed annual rates of mortality are as follows:

Annual Rates of Death*						
Age	Service Retirement		Disability Retirement		Beneficiaries	
	Males	Females	Males	Females	Males	Females
50	0.3371%	0.2516%	1.2576%	1.5720%	0.7918%	0.3843%
55	0.4861	0.3251	1.8725	1.8465	0.9402	0.5334
60	0.6941	0.4493	2.3484	2.0734	1.1978	0.7529
65	1.0532	0.7366	2.7573	2.3914	1.7257	1.1057
70	1.7882	1.2863	3.4536	3.0337	2.7157	1.7000
75	3.1448	2.2799	4.4743	4.2432	4.3036	2.7500
80	5.6427	4.0900	6.0986	6.3674	6.8879	4.6778
85	10.0958	7.6043	8.8220	9.8909	11.3049	8.4315
90	16.9785	13.8596	12.9831	14.4849	18.6083	14.6496

* Base mortality rates as of 2010 before application of the improvement scale



Schedule D – Summary of Main Plan Provisions as Interpreted for Valuation Purposes

State Employee OPEB Fund Eligibility

Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from any of the retirement systems listed below. “Old Plan” means the plan applicable to members beginning employment prior to July 1, 1982. “New Plan” means the plan applicable to members employed on or after July 1, 1982 and before January 1, 2009. “GSEPS” means the plan applicable to members employed on or after January 1, 2009.

- Employees’ Retirement System (GSEP Non-Police)
 - Service Retirement: 25 years of service or age 60 with 10 years of service
 - Disability Retirement: 15 years of service
 - Active Death Surviving Spouse: 15 years of service
- Employees’ Retirement System (GSEP Police)
 - Service Retirement: 30 years of service or age 55 with 10 years of service
 - Disability Retirement: 15 years of service
 - Active Death Surviving Spouse: 13 years and 4 months of service
- Employees’ Retirement System (Police)
 - Service Retirement: 30 years of service or age 55 with 10 years of service
 - Disability Retirement: 13 years and 4 months of service
 - Active Death Surviving Spouse: 13 years and 4 months of service
- Employees’ Retirement System (Old & New Plan Non-Police)
 - Service Retirement: 25 years of service or age 60 with 10 years of service
 - Disability Retirement: 13 years and 4 months of service
 - Active Death Surviving Spouse: 13 years and 4 months of service or age 60 with 10 years of service
- Judicial Retirement System
 - Service Retirement: age 60 with 10 years of service
 - Disability Retirement: 4 years of service
 - Active Death Surviving Spouse: 10 years of service
- Legislative Retirement System
 - Service Retirement: age 60 with 8 years of service
 - Disability Retirement: age 60 with 8 years of service
 - Active Death Surviving Spouse: 15 years of service or age 60 with 8 years of service

Retirees from other systems who may be eligible for post-employment benefits other than pensions were included in the valuation if they were included in the DCH census data. Employees with payroll location codes less than 60000 were included in the State Employee OPEB Fund. Approximately 6.00% of these employees are members of the Teachers Retirement System. Information about this System can be found in the report for the School Employee OPEB Fund.

Coverage starts immediately at retirement, provided the retiree makes proper premium payments or has the premiums deducted from the annuity check. If elected, dependent coverage starts on the same day as retiree coverage. A change from single to family coverage as a retiree is allowed only with a qualified change in status.

A tobacco surcharge of \$80 per month is charged to those tobacco users not participating in the Medicare Advantage plans. Based on recent plan experience, the assumption is that 5.0% of the retirees not participating in the Medicare Advantage plans will pay the tobacco surcharge.



Schedule D – Summary of Main Plan Provisions as Interpreted for Valuation Purposes

2024 Plan Options

The plan designs offered for the 2024 plan year are as follows:

For Medicare-eligible members

- UnitedHealthcare Medicare Advantage (MAPD) Plan Options (Standard and Premium)
- Anthem Blue Cross and Blue Shield Medicare Advantage (MAPD) Plan Options (Standard and Premium)

Information regarding the summary and benefits of UHC Medicare Advantage plans can be found at <https://retiree.uhc.com/shbp/coverage-and-benefits> and information regarding the summary and benefits of the Anthem Medicare Advantage plans can be found at <https://www.anthem.com/shbpretirees/>.

Non-MA Plan Options

- Anthem Gold, Silver, Bronze Health Reimbursement Arrangement (HRA) Plan Options
- Anthem, Kaiser Permanente (KP) and UnitedHealthcare Health Maintenance Organization (HMO) Plan Options
- UnitedHealthcare High Deductible Health Plan (HDHP)

Information regarding summary benefits and coverage for the Non-MA plans can be found at <https://shbp.georgia.gov/plan-documents/other-documents/summary-benefits-and-coverage>.

Premiums

Retiree premiums vary based on plan election, dependent coverage, Medicare eligibility and election. The Under 65 monthly basic subsidy rates (not service based) for members as of January 1, 2024 are as follows:

STATE HEALTH BENEFIT PLAN ANNUITANT UNDER 65 RATES JANUARY 1 – DECEMBER 31, 2024

	YOU	YOU + CHILD(REN)	YOU + SPOUSE	YOU + FAMILY
Anthem Gold	\$188.56	\$343.04	\$464.72	\$619.20
Anthem Silver	125.19	235.32	331.65	441.78
Anthem Bronze	77.69	154.57	231.90	308.78
Anthem HMO	148.53	274.99	380.66	507.12
UHC HMO	177.91	324.94	442.36	589.39
UHC HDHP	63.36	130.20	201.80	268.64
Kaiser HMO	169.54	311.96	430.64	573.06

The Fund pays the Medicare Part B late enrollment penalty for members who were required to pay the penalty when the Medicare Advantage plans were first implemented. Future retirees are required to enroll in Medicare Part B when first eligible to avoid the penalty or be responsible for paying the late enrollment penalty if applicable. Medicare-eligible monthly basic subsidy rates (not service based) for members as of January 1, 2024 are as follows:

ANNUITANT MEDICARE ELIGIBLE RATES

Medicare Advantage Plan	Retiree Premium
UHC Standard MA	\$ 0.00
UHC Premium MA	168.22
Anthem Standard MA	156.15
Anthem Premium MA	325.88



Schedule D – Summary of Main Plan Provisions as Interpreted for Valuation Purposes

For active employees with less than 5 years of service, premiums will be subject to the service based schedule shown below.

CONTRIBUTIONS (Actives with less than five years of service as of January 1, 2012): The Health Benefit Fund will pay a portion of the blended contribution rate for the Bronze Plan or the UHC Premium MA Plan based on the retirees' service at retirement. The retiree or spouse will pay the remainder of the premium for the chosen plan, not less than the premium paid by those with more than five years of service as of January 1, 2012.

Service at Retirement	Health Benefit Fund's Share of Contribution Rate		Retiree's Share of Contribution Rate	
	Retiree	Spouse	Retiree	Spouse
30 and above	75%	55%	25%	45%
29	72%	53%	28%	47%
28	69%	51%	31%	49%
27	66%	49%	34%	51%
26	63%	47%	37%	53%
25	60%	45%	40%	55%
24	57%	43%	43%	57%
23	54%	41%	46%	59%
22	51%	39%	49%	61%
21	48%	37%	52%	63%
20	45%	35%	55%	65%
19	42%	33%	58%	67%
18	39%	31%	61%	69%
17	36%	29%	64%	71%
16	33%	27%	67%	73%
15	30%	25%	70%	75%
14	27%	23%	73%	77%
13	24%	21%	76%	79%
12	21%	19%	79%	81%
11	18%	17%	82%	83%
10	15%	15%	85%	85%
9 and below	0%	0%	100%	100%



Schedule D – Summary of Main Plan Provisions as Interpreted for Valuation Purposes

BLENDED CONTRIBUTION RATES: As provided by the State Health Benefit Plan, the blended contribution rates used in valuation and trended back to the valuation date are as follows:

2024 Rates				
Medical Plan	Under 65 Retiree with Under 65 Spouse (If Covered)			
	Ret Only	Ret + Ch	Ret + Sp	Family
Anthem Gold	\$1,003.82	\$1,706.49	\$2,108.02	\$2,810.69
Anthem Silver	940.45	1,598.77	1,974.95	2,633.27
Anthem Bronze	892.95	1,518.02	1,875.20	2,500.27
Anthem HMO	963.79	1,638.44	2,023.96	2,698.61
UHC HMO	993.17	1,688.39	2,085.66	2,780.88
UHC HDHP	878.62	1,493.65	1,845.10	2,460.13
Kaiser HMO	818.36	1,391.22	1,718.57	2,291.42

2024 Medicare Eligible				
Retiree Coverage Tier	Anthem MA Plans		UHC MA Plans	
	MA Prem	MA Std	MA Prem	MA Std
Retiree Only	\$388.46	\$156.15	\$230.80	\$0.00
Retiree & Spouse	776.92	312.30	461.60	0.00

Service based premium cannot be less than the basic subsidy premium.



SCHOOL PERSONNEL OPEB FUND



Section I – Summary of Principal Results

GEORGIA DEPARTMENT OF COMMUNITY HEALTH SCHOOL PERSONNEL OPEB FUND REPORT OF THE ACTUARY ON THE RETIREE MEDICAL VALUATION PREPARED AS OF JUNE 30, 2023

1. For convenience of reference, the principal results of the valuation are summarized below. The following table summarizes the June 30, 2023 results for the School Personnel OPEB Fund.

Valuation Date Discount Rate	June 30, 2023 4.50%	June 30, 2022 4.50%
Members Receiving SHBP Benefits		
Actives	178,518	176,991
Retirees	92,515	91,245
Spouses of Retirees	33,163	32,622
Total*	304,196	300,858
Estimated Total Payroll	\$ 12,208,822,754	\$ 11,374,300,727
Actuarial Accrued Liability	\$ 11,131,216,911	\$ 10,275,334,407
Assets:		
Market Value	705,291,211	651,561,851
Unfunded Actuarial Accrued Liability	\$ 10,425,925,700	\$ 9,623,772,556
Funded Ratio	6.34%	6.34%
Amortization	29 Years Closed	30 Years Closed
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Fiscal Year	2026	2025
Pre-Funding Contribution		
Normal	\$ 330,527,810	\$ 308,511,314
Accrued Liability	436,969,155	392,532,193
Total	\$ 767,496,965	\$ 701,043,507
Contribution as a % of Payroll		
Normal	2.71%	2.71%
Accrued Liability	3.58%	3.45%
Total	6.29%	6.16%

*In addition, in 2023 data was collected for 51,937 School active employees who have waived health coverage under SHBP. It is assumed 20% of these members will elect SHBP coverage before retirement and be eligible for an OPEB benefit.



Section I – Summary of Principal Results

The following table summarizes the Unfunded Actuarial Accrued Liability and the Pre-Funding Contribution for the School Personnel OPEB Fund for June 30, 2023 and June 30, 2022:

Valuation Date	June 30, 2023	June 30, 2022
School Personnel OPEB Fund		
Unfunded Actuarial Accrued Liability	\$ 10,425,925,700	\$ 9,623,772,556
Pre-Funding Contribution (\$)	\$ 767,496,965	\$ 701,043,507
Discount Rate	4.50%	4.50%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

- The valuation indicates that a total contribution of \$767,496,965 is sufficient to support current benefits of the School Personnel OPEB Fund. Comments on the valuation results as of June 30, 2023 are given in Section IV and further discussion of the contribution levels is set out in Sections V and VI. If the contributions are not increased to the required levels, the Fund will not be projected to cover the costs of all future benefits. If contributions are made at the required levels and the assets are invested in such a way as to earn more than 4.50%, then the discount rates for valuing liabilities could be increased. The impact of this change, using a 6.00% discount rate for illustrative purposes, is shown in Schedule A.
- Schedule C of this report outlines the full set of actuarial assumptions and methods employed in the current valuation.
- Schedule D of this report outlines the summary of plan provisions as interpreted for valuation purposes.



Section I – Summary of Principal Results

5. The following table details the change in the Unfunded Accrued Liability (UAL). All dollar amounts are expressed in millions.

School Personnel OPEB Fund	
June 30, 2022 Discount Rate	4.50%
June 30, 2023 Discount Rate	4.50%
June 30, 2022 UAL	\$ 9,623.8
June 30, 2022 Normal Cost	\$ 308.5
Pre-Funding Contribution	\$ 701.0
Fiscal Year 2023 Actual Contribution	\$ 384.4
1. Expected UAL Based on Pre-Funding Contribution	\$ 9,662.4
2. Expected UAL Based on Actual Contributions	9,986.1
3. (Gain)/Loss due to Contribution Different from Pre-Funding Contribution = 2. - 1.	\$ 323.7
4. (Gain)/Loss due to Claims and Retiree Premium Experience	\$ 74.3
5. (Gain)/Loss due to Assumption Change*	162.1
6. (Gain)/Loss due to Investment Experience	(61.2)
7. (Gain)/Loss due to Other**	264.6
8. Actual UAL June 30, 2023 = 1. + 3. + 4. + 5. + 6. + 7.	\$ 10,425.9
June 30, 2022 Accrued Liability (AL)	\$ 10,275.3
Other as a % of June 30, 2022 AL	2.58%

* Assumptions regarding Medicare HealthCare Trend Rates were updated.

** Other category includes changes due to such sources as retirements, terminations, deaths, etc., differing from the assumed rates, new entrants entering the plan with a partial year of service credit at the valuation date, and actual cash flow and investment timing different from assumed.



Section II – Membership Data

1. Data regarding the membership of the plans for use as a basis of the valuation were furnished by the Department of Community Health. Census from the Teachers' Retirement System, the Public School Employees' Retirement System, the Atlanta Public Schools and Fulton County Schools was used to obtain additional information as appropriate. The following table shows the number of retirees, spouses of retirees and active employees currently participating the SHBP health plans on the basis of which the valuation was prepared.

School Personnel OPEB Fund	Total
Number of Retirees	92,515
Number of Spouses of Retirees	33,163
Number of Actives	178,518

The valuation was based upon data furnished by the State pension retirement systems and the Georgia Department of Community Health staff, concerning active, inactive, and retired members along with pertinent claims data and financial information. This information was reviewed for completeness and internal consistency but was not audited. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete our results may be different, and our calculations may need to be revised. In the June 30, 2023 valuation, 3,188 active members out of over 178,000 total active members were not found in a recent active eligible role. For these records, entry age was assumed to be equal to the information that could be found in their former active role or, if no information could be found, their current age for valuation purposes. 1 active member was missing information regarding gender, so gender was assumed to be female.



Section II – Membership Data

2. Detailed membership summaries are shown in the following tables:

SCHOOL PERSONNEL OPEB FUND

Active Employees by Age and Service

Age	Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 & Up	
Under 25	2,017	14	0	0	0	0	0	2,031
25 to 29	9,711	3,222	8	0	0	0	0	12,941
30 to 34	6,081	9,559	1,986	7	0	0	0	17,633
35 to 39	5,309	6,142	6,141	2,336	10	0	0	19,938
40 to 44	5,265	5,413	3,594	7,685	2,111	6	0	24,074
45 to 49	4,300	4,999	3,124	5,184	6,944	1,759	7	26,317
50 to 54	4,087	4,782	3,324	5,304	5,005	6,161	834	29,497
55 to 59	3,276	3,792	2,664	4,623	3,969	3,255	1,482	23,061
60 to 64	2,265	2,772	1,895	2,941	2,565	1,792	1,148	15,378
65 to 69	677	1,240	834	973	775	565	588	5,652
70 & Up	134	331	345	399	287	181	319	1,996
Total	43,122	42,266	23,915	29,452	21,666	13,719	4,378	178,518

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	20,465	8,748	29,213
65 and Older	72,050	24,415	96,465
Total	92,515	33,163	125,678



Section III – Assets

Schedule B shows information regarding assets for valuation purposes. As of June 30, 2023, assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the Fund equal \$705,291,211.

Although the School Employee OPEB Fund intends to begin pre-funding benefits, there is no funding policy in place to fund the full actuarially determined contribution every year. Therefore, the discount rate used to determine the present value of benefits needs to be reflective of the blend between the expected investment return on long term investments and on cash and other very short-term investments. For the June 30, 2023 valuation, a discount rate of 4.50% has been used for the School Employee OPEB Fund.



Section IV – Comments on Valuation

1. Page 31 of this report outlines the results of the actuarial valuation. Schedule A shows the sensitivity of the key measures of the valuation to the discount rate assumption and the healthcare trend assumption. The valuation was prepared in accordance with the actuarial assumptions and the actuarial cost method, which are described in Schedule C, and the summary of plan provisions, which are described in Schedule D.
2. The valuation shows that the School Personnel OPEB Fund has an actuarial accrued liability of \$7,917,785,376 for benefits expected to be paid on account of the present active membership, based on service to the valuation date.
3. The School Personnel OPEB Fund's liability on account of benefits payable to retirees and covered spouses amounts to \$3,213,431,535.
4. The total School Personnel OPEB Fund actuarial accrued liability amounts to \$11,131,216,911.
5. Against these liabilities, the Fund has present assets for valuation purposes in the amount of \$705,291,211. Therefore, the total unfunded actuarial accrued liability for the School Personnel OPEB Fund is \$10,425,925,700.
6. The normal contribution is equal to the actuarial present value of benefits accruing during the current year. The normal contribution for the School Personnel OPEB Fund is determined to be \$330,527,810.



Section V – Contributions Payable Under the Plan

PRE-FUNDING EMPLOYER CONTRIBUTION

For Fiscal Year Ending June 30, 2026

Pre-Funding Contribution	
School Personnel OPEB Fund	
Normal	\$ 330,527,810
Accrued Liability	436,969,155
Total	<u>\$ 767,496,965</u>

1. The valuation indicates that the normal contribution for the School Personnel OPEB Fund is determined to be \$330,527,810.
2. The unfunded actuarial accrued liability amounts to \$10,425,925,700 and is for employees, retirees, and covered spouses that will receive benefits paid from the School Personnel OPEB Fund.
3. An accrued liability contribution for the School Personnel OPEB Fund of \$436,969,155 is sufficient to amortize the unfunded actuarial accrued liability over a closed 29-year period, based on the assumption that the contribution will increase by 3.00% annually.
4. The total Pre-Funding Contribution for the School Personnel OPEB Fund is, therefore, \$767,496,965.



Section VI – Comments on Level of Funding

1. The monthly contribution for retirees to opt into the medical plan is based on plan election, Medicare eligibility and election, dependent coverage election and, depending on date of hire, potentially service at retirement. Claims, premiums, and associated costs paid by the employer, on behalf of the retiree, as well as contributions placed in trust will be considered as contributions towards the pre-funding contribution. All employer contributions shown in this report are net of retiree monthly contributions, which are shown in Schedule D as Retiree Premiums.
2. The valuation indicates an increase in the recommended employer contribution rate for the School Personnel OPEB Fund from last year's recommended amount of \$701,043,507 to this year's recommended amount of \$767,496,965.
3. This contribution of \$767,496,965 is needed to meet the cost of benefits currently accruing and provide for the amortization of the unfunded actuarial accrued liability over a closed period of 29 years.
4. The increase in the recommended contribution is primarily due to employer contribution less than the actuarially determined rate, demographic experience, and changes to assumed future increases in Medicare costs.



Section VII – Accounting Information

The information required under the Governmental Accounting Standards Board (GASB) Statements No. 74 and 75 will be issued in separate reports. The following information is provided for informational purposes only.

1. Schedule of Funding Progress and Schedule of Employer Contributions

SCHEDULE OF FUNDING PROGRESS

School Personnel OPEB Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)
6/30/2014	\$ 0	\$ 8,514,320,187	\$ 8,514,320,187	0.00%
6/30/2015	30,853,207	10,543,010,090	10,512,156,883	0.29
6/30/2016	95,406,837	10,559,402,261	10,463,995,424	0.90
6/30/2017	229,684,553	10,089,949,795	9,860,265,242	2.28
6/30/2018	383,263,046	9,490,548,002	9,107,284,956	4.04
6/30/2019	595,128,719	9,329,590,097	8,734,461,378	6.38
6/30/2020	611,016,804	7,395,973,228	6,784,956,424	8.26
6/30/2021	709,043,075	7,990,176,346	7,281,133,271	8.87
6/30/2022	651,561,851	10,275,334,407	9,623,772,556	6.34
6/30/2023	705,291,211	11,131,216,911	10,425,925,700	6.34

Assumptions were changed beginning with the 6/30/2015 valuation to reflect the retirement systems' experience studies. In 2017, the methodology used to split members between State and School was changed and the participation and tobacco use assumptions were changed. In 2022, aging factors and tobacco use assumptions were changed, the actuarial cost method was changed to Entry Age Normal, and the amortization period was closed.



Section VII – Accounting Information

SCHEDULE OF EMPLOYER CONTRIBUTIONS

School Personnel OPEB Fund

Fiscal Year Ending	Pre-Funding Contribution	Actual Employer Contribution	Percentage of Pre-Funding Contribution Contributed
<u>Date</u>	<u>(a)</u>	<u>(b)</u>	<u>(b / a)</u>
6/30/2014	\$ 943,310,062	\$ 408,422,277	43.3%
6/30/2015	873,277,873	408,537,847	46.8
6/30/2016	873,735,876	432,437,545	49.5
6/30/2017	669,894,206	521,407,903	77.8
6/30/2018	824,872,368	518,290,365	62.8
6/30/2019	833,290,617	538,569,200	64.6
6/30/2020	786,911,516	338,176,653	43.0
6/30/2021	754,012,531	371,855,239	49.3
6/30/2022	728,210,981	361,575,006	49.7
6/30/2023	596,463,177	384,443,859	64.5

3. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2023. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2023
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, Closed
Remaining amortization period	29
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	4.50%
Healthcare cost trend rate*	
Initial	6.75%
Ultimate	4.50%
Year of Ultimate trend rate	2032
*Includes inflation at	2.50%



Schedule A – Results of the Valuation

**Benefits of Prefunding
Actuarially Determined Employer Contributions and Investing to Earn 6.00%**

The following table shows the sensitivity of the key measures of the valuation to the discount rate assumption.

**SCHOOL PERSONNEL OPEB FUND
(\$ shown in thousands)**

School Personnel OPEB Fund	Benefit of Prefunding And Investing to Earn 6.00%	
	Discount Rate 4.50%	Discount Rate 6.00%
ACTUARIAL ACCRUED LIABILITY		
Present Value of Prospective Benefits Payable in Respect of:		
(a) Present Active Members	\$ 7,917,785	\$ 6,585,111
(b) Present Retired Members and Covered Spouses	3,213,432	2,906,224
(c) Total Actuarial Accrued Liability	<u>\$ 11,131,217</u>	<u>\$ 9,491,335</u>
PRESENT ASSETS FOR VALUATION PURPOSES	\$ 705,291	\$ 705,291
UNFUNDED ACTUARIAL ACCRUED LIABILITY	\$ 10,425,926	\$ 8,786,044
FUNDED RATIO	6.34%	7.43%
CONTRIBUTIONS FOR FISCAL YEAR ENDING June 30, 2026:		
Normal	\$ 330,528	\$ 231,243
Accrued Liability	436,969	440,047
Total	<u>\$ 767,497</u>	<u>\$ 671,290</u>



Schedule A – Results of the Valuation

Trend Rate Sensitivity Analysis

The following table shows the sensitivity of the key measures of the valuation to the healthcare trend assumption. Our baseline trend assumption is shown on page 45. Since the 2025 Medicare Advantage rates are unknown at this time, for the baseline valuation, we estimated an increase in the \$0 UHC Standard premium to \$20 for 2025 and a 6.50% increase to all other MA plans. For the sensitivity results, we increased healthcare trend by 1% for each year and we also estimated an increase in the \$0 UHC Standard premium to \$50 for 2025.

SCHOOL PERSONNEL OPEB FUND
(\$ shown in thousands)

School Personnel OPEB Fund	Trend Rate Sensitivity Analysis	
	Baseline 4.50%	Sensitivity 4.50%
ACTUARIAL ACCRUED LIABILITY		
Present Value of Prospective Benefits Payable in Respect of:		
(a) Present Active Members	\$ 7,917,785	\$ 9,526,958
(b) Present Retired Members and Covered Spouses	3,213,432	3,667,184
(c) Total Actuarial Accrued Liability	\$ 11,131,217	\$ 13,194,142
PRESENT ASSETS FOR VALUATION PURPOSES	\$ 705,291	\$ 705,291
UNFUNDED ACTUARIAL ACCRUED LIABILITY	\$ 10,425,926	\$ 12,488,851
FUNDED RATIO	6.34%	5.35%
CONTRIBUTIONS FOR FISCAL YEAR ENDING		
June 30, 2026:		
Normal	\$ 330,528	\$ 419,717
Accrued Liability	436,969	523,430
Total	\$ 767,497	\$ 943,147



Schedule B – Plan Assets

GASB defines plan assets as resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employers or plan administrator, for the payment of benefits in accordance with the terms of the plan. Assets in the trust may be used to pay health benefits to current retirees and their beneficiaries.

As of June 30, 2023, assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the State Personnel OPEB Fund equal \$705,291,211.

Although the School Employee OPEB Fund intends to begin pre-funding benefits, there is no funding policy in place to fund the full actuarially determined contribution every year. Therefore, the discount rate used to determine the present value of benefits needs to be reflective of the blend between the expected investment return on long term investments and on cash and other very short-term investments. For the June 30, 2023 valuation, a discount rate of 4.50% has been used for the School Employee OPEB Fund.



Schedule C – Outline of Actuarial Assumptions and Methods

VALUATION DATE: June 30, 2023

DISCOUNT RATE: 4.50% per annum, compounded annually

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions. Our trend assumption is based on the analysis of national average trend surveys for both the pre-Medicare and Medicare-eligible populations, stepping down to an ultimate trend rate assumption for both groups of general price inflation plus 2.00%. Because of the 2025 plan design changes to Medicare Part D due to the Inflation Reduction Act, we have increased our Medicare-eligible trend assumption from 2024 to 2025. Since the 2025 Medicare Advantage rates are unknown at this time, we estimated an increase in the \$0 UHC Standard premium to \$20 for 2025 and a 6.50% increase to all other MA plans.

Year	Pre-Medicare	Post-Medicare
2023	6.75%	6.75%
2024	6.50	17.50
2025	6.25	6.25
2026	6.00	6.00
2027	5.75	5.75
2028	5.50	5.50
2029	5.25	5.25
2030	5.00	5.00
2031	4.75	4.75
2032 and Beyond	4.50	4.50

EXPECTED ANNUAL CLAIMS: Per capita costs are adjusted to reflect expected cost changes related to age. The relative value factors used were developed from the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries. Representative values of the expected annual claims are as follows:

Pre-Medicare Retirees*

Age	Male	Female
40	\$5,595	\$9,129
45	6,934	9,665
50	9,056	11,261
55	11,882	13,119
60	15,306	15,301
64	18,694	17,913

* Retirees selecting one of the HRA plans will also receive annual credits to use for eligible medical expenses. For 2024, the credits are \$400 for the Gold Plan, \$200 for the Silver Plan and \$100 for the Bronze plan. For members participating in the Anthem or UnitedHealthcare plans, wellness credits up to \$480 are available to those completing certain wellness requirements. It is assumed that 50% of eligible plan participants receive the additional wellness credits.



Schedule C – Outline of Actuarial Assumptions and Methods

2024 premium rates, trended to the valuation date, were used to develop the expected claims costs for Medicare Advantage Plan retirees. Based on recent experience, it is assumed that 95% of retirees will choose UHC plans and 5% of retirees will choose Anthem plans. It is further assumed that 30% choose a Premium plan and 70% choose a Standard plan.

Medicare-Eligible Retirees*

Age	Male	Female
65	\$649	\$618
70	789	760
75	937	888
80	1,087	1,023
85	1,225	1,154
90	1,345	1,253

* Claims costs for current retirees with no Medicare Part A coverage were assumed to be 373% of the claims shown above based on a review of premium cost and plan split between those with Medicare Part A and those without.



Schedule C – Outline of Actuarial Assumptions and Methods

ANTICIPATED PARTICIPATION: Representative values of the assumed annual rates of member participation and spouse coverage by future retirees are as follows:

	State
Member Participation*:	
If 5 years of service on 1/1/2012	95%
If less than 5 years of service on 1/1/2012:	
Years of Service at Retirement:	
30+	95%
25-29	90%
20-24	80%
15-19	65%
10-14	50%
Under 10	20%
Spouse Coverage**:	
If retiree had 5 years of service on 1/1/2012	40%
If retiree had less than 5 years of service on 1/1/2012:	
Years of Retiree Service at Retirement:	
30+	32%
25-29	30%
20-24	26%
15-19	20%
10-14	18%
Under 10	8%

* Sufficient experience for developing plan specific participation rates for members with less than 5 years of service on 1/1/2012 has not yet developed, so assumptions for participation are based on level of subsidization. Active employees currently waiving health coverage are assumed to join the plan at a later date at the rate of 20% and then participate in the same pattern as current participating members. The 20% assumption is based on actual experience using past 4 years of waiver data.

** Wives are assumed to be three years younger than husbands for PSERS participants and four years younger than husbands for TRS participants.

ACTUARIAL METHOD: Costs were determined using the Entry Age Normal, Level Percentage of Pay Actuarial Cost Method. Under this method, a calculation is made for retirement benefits to determine the uniform and constant percentage rate of contribution which, if applied to the compensation of the average new member during the entire period of his or her anticipated covered service, would be required to meet the cost of benefits payable. Actuarial gains and losses are reflected in the unfunded actuarial accrued liability.

ACTUARIAL VALUE OF ASSETS: Market Value



School Personnel OPEB Fund Members Participating in the Teachers Retirement System of Georgia

Actuarial assumptions and methods adopted by the Teachers Retirement System of Georgia Board May 13, 2020.

SALARY INCREASES*:

Service	Annual Rate	Service	Annual Rate	Service	Annual Rate
0	8.75%	7	4.25%	14	3.25%
1	7.25	8	3.75	15	3.25
2	5.75	9	3.75	16	3.00
3	5.25	10	3.50	17	3.00
4	5.00	11	3.50	18	3.00
5	5.00	12	3.50	19	3.00
6	5.00	13	3.50	20 or more	3.00

*Includes price inflation component of 2.50%

SERVICE RETIREMENT:

Age	Annual Rate			
	Male		Female	
	Less than 30 Years of Service	30 or More Years of Service*	Less than 30 Years of Service	30 or More Years of Service**
50	3.00%	52.00%	2.75%	50.00%
55	5.00	37.00	5.75	35.00
60	20.00	34.00	25.00	40.00
61	18.00	30.00	25.00	40.00
62	25.00	35.00	25.00	43.00
63	22.00	28.00	25.00	43.00
64	22.00	28.00	24.00	43.00
65	27.00	27.00	32.00	32.00
66	32.00	32.00	32.00	32.00
67	30.00	30.00	32.00	32.00
68	30.00	30.00	30.00	30.00
69	30.00	30.00	30.00	30.00
70	30.00	30.00	30.00	30.00

*An additional 10% are assumed to retire at 30 years of service for ages between 50 and 64.

**An additional 15% are assumed to retire at 30 years of service for ages between 50 and 61.



School Personnel OPEB Fund Members Participating in the Teachers Retirement System of Georgia

SEPARATION BEFORE SERVICE RETIREMENT:

Age	Annual Rate				
	Death*	Disability	Withdrawal		
			Years of Service		
			0 – 4	5 – 9	10+
Male					
20	0.0375%	0.0000%	27.00%		
25	0.0336	0.0000	17.00	13.00%	
30	0.0437	0.0000	14.00	6.50	6.00%
35	0.0549	0.0165	14.00	6.25	3.50
40	0.0714	0.0275	13.00	6.25	2.75
45	0.1087	0.0720	13.00	6.00	2.50
50	0.1799	0.1360	11.25	5.75	2.75
55	0.2828	0.2400	11.75	5.50	3.25
60	0.4441		12.00	6.00	
64	0.6475		15.00	7.50	
Female					
20	0.0139%	0.0000%	28.00%		
25	0.0148	0.0000	13.50	12.00%	
30	0.0235	0.0000	13.50	7.00	6.00%
35	0.0345	0.0152	13.00	7.00	4.00
40	0.0493	0.0312	12.00	6.50	3.00
45	0.0728	0.0650	10.75	6.00	2.50
50	0.1107	0.1400	10.75	5.50	3.00
55	0.1687	0.3400	10.75	5.00	3.00
60	0.2554		11.50	5.50	
64	0.3665		15.00	7.50	

* The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% is used for death prior to retirement. Future improvement in mortality rates is assumed using the MP-2019 projection scale generationally. These rates of improvement have been reduced by 20% for all years prior to the ultimate rate. The proposed rates shown above are based on a projection to 2015. Actual mortality rates would be projected generationally.



School Personnel OPEB Fund Members Participating in the Teachers Retirement System of Georgia

DEATHS AFTER RETIREMENT: The Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally is used for death after service retirement and beneficiaries. The rates of improvement have been reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally is used for death after disability retirement. The rates of improvement have been reduced by 20% for all years prior to the ultimate rate. The representative rates shown below are based on a projection to 2015. Actual mortality rates are projected generationally to the year of the measurement.

Age	Annual Rate of Death After			
	Service Retirement*		Disabled Retirement*	
	Male	Female	Male	Female
40	0.0714%	0.0493%	0.8444%	0.7386%
45	0.1087	0.0728	1.2146	1.1004
50	0.1799	0.1107	1.8432	1.6181
55	0.5241	0.3901	2.4790	1.9679
60	0.6440	0.4136	3.0569	2.2548
65	0.8433	0.5260	3.7177	2.6170
70	1.4580	0.9329	4.6328	3.3740
75	2.7028	1.7905	6.1798	4.7842
80	4.9635	3.4310	8.8648	7.2311
85	9.0522	6.5905	13.0223	11.2015
90	16.0712	12.3050	18.8001	16.0832
95	26.1186	21.7258	27.0439	22.7586

*Rates as of 2015



***School Personnel OPEB Fund Members Participating in the
Georgia Public School Employees Retirement System***

Actuarial assumptions and methods adopted by the Georgia Public School Employees Retirement System Board December 17, 2020.

SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of separation before service retirement are as follows:

Age	Annual Rates of Withdrawal			Disability
	Years of Service			
	0-4	5-9	10 & Over	
	Males			
20	34.00%			0.0000%
25	31.00	19.00%		0.0000
30	27.50	17.00	12.50%	0.0000
35	24.50	15.50	9.00	0.0018
40	22.00	13.50	8.25	0.0110
45	21.00	12.50	7.00	0.0330
50	18.50	11.00	7.00	0.0770
55	15.25	9.00	6.00	0.2250
60	13.50	9.00		0.2500
	Females			Females
20	35.00%			0.0000%
25	31.00	20.00%		0.0000
30	25.00	16.50	10.00%	0.0000
35	22.00	15.00	10.00	0.0018
40	20.00	14.00	9.00	0.0110
45	18.00	12.00	8.00	0.0330
50	16.25	10.00	7.00	0.0770
55	13.50	9.00	6.00	0.2250
60	13.00	9.00		0.2500



**School Personnel OPEB Fund Members Participating in the
Georgia Public School Employees Retirement System**

RETIREMENT:

Age	Annual Rate	Age	Annual Rate
60	12.0%	71	25.0%
61	12.0	72	25.0
62	21.0	73	25.0
63	17.0	74	25.0
64	15.0	75	25.0
65	26.0	76	25.0
66	26.0	77	25.0
67	22.0	78	25.0
68	22.0	79	25.0
69	23.5	80 & Over	100.0
70	25.0		

RATES OF DEATH BEFORE RETIREMENT: The Pub-2010 Below-Median General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service. Representative values of the assumed annual rates of mortality while in active service are as follows:

Annual Rates of Death*					
Age	Males	Females	Age	Males	Females
20	0.0410 %	0.0130 %	45	0.1430 %	0.0720 %
25	0.0410	0.0120	50	0.2180	0.1070
30	0.0520	0.0190	55	0.3200	0.1570
35	0.0680	0.0300	60	0.4660	0.2380
40	0.0960	0.0470	65	0.6820	0.3800

* Base mortality rates as of 2010 before application of the improvement scale



School Personnel OPEB Fund Members Participating in the Georgia Public School Employees Retirement System

RATES OF DEATHS AFTER RETIREMENT: The Pub-2010 Family of Tables projected generationally with MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	General Healthy Below-Median Annuitant	Male: +2; Female: +2	Male: 101%; Female: 103%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Below-Median Contingent Survivors	Male: +2; Female: +2	Male: 104%; Female: 99%

Representative values of the assumed annual rates of mortality after retirement are as follows:

Age	Annual Rates of Death*					
	Service Retirement		Disability Retirement		Beneficiaries	
	Males	Females	Males	Females	Males	Females
50	0.7989%	0.4532%	1.2576%	1.5720%	0.9984%	0.5930%
55	0.9837	0.5037	1.8725	1.8465	1.1523	0.7742
60	1.1726	0.6015	2.3484	2.0734	1.4258	1.0237
65	1.5736	0.8827	2.7573	2.3914	1.9978	1.4147
70	2.5785	1.5296	3.4536	3.0337	3.0680	2.0731
75	4.3329	2.6770	4.4743	4.2432	4.7414	3.1878
80	7.4043	4.7679	6.0986	6.3674	7.3944	5.1450
85	12.4301	8.7849	8.8220	9.8909	11.8154	8.7684
90	19.3173	15.3594	12.9831	14.4849	19.0320	14.3778

* Base mortality rates as of 2010 before application of the improvement scale



Schedule D – Summary of Main Plan Provisions as Interpreted for Valuation Purposes

School Personnel OPEB Fund Eligibility

Retiree medical eligibility is attained when an employee retires, and is immediately eligible to draw a retirement annuity from any of these systems:

- Teachers Retirement System
 - Service Retirement: 25 years of service or age 60 with 10 years of service
 - Disability Retirement: 10 years of service
 - Active Death Surviving Spouse: 10 years of service
- Public School Employees Retirement System
 - Service Retirement: age 60 with 10 years of service
 - Disability Retirement: 15 years of service
 - Active Death Surviving Spouse: age 60 with 10 years of service

TRS eligibility requirements were assumed for members in the Other category of the School Fund.

Coverage starts immediately at retirement, provided the retiree makes proper premium payments or has the premiums deducted from the annuity check. If elected, dependent coverage starts on the same day as retiree coverage. A change from single to family coverage as a retiree is allowed only with a qualified change in status.

A tobacco surcharge of \$80 per month is charged to those tobacco users not participating in the Medicare Advantage plans. Based on recent plan experience, the assumption is that 5.0% of the retirees not participating in the Medicare Advantage plans will pay the tobacco surcharge.



Schedule D – Summary of Main Plan Provisions as Interpreted for Valuation Purposes

2024 Plan Options

The plan designs offered for the 2024 plan year are as follows:

For Medicare-eligible members

- UnitedHealthcare Medicare Advantage (MAPD) Plan Options (Standard and Premium)
- Anthem Blue Cross and Blue Shield Medicare Advantage (MAPD) Plan Options (Standard and Premium)

Information regarding the summary and benefits of UHC Medicare Advantage plans can be found at <https://retiree.uhc.com/shbp/coverage-and-benefits> and information regarding the summary and benefits of the Anthem Medicare Advantage plans can be found at <https://www.anthem.com/shbpretirees/>.

Non-MA Plan Options

- Anthem Gold, Silver, Bronze Health Reimbursement Arrangement (HRA) Plan Options
- Anthem, Kaiser Permanente (KP) and UnitedHealthcare Health Maintenance Organization (HMO) Plan Options
- UnitedHealthcare High Deductible Health Plan (HDHP)

Information regarding summary benefits and coverage for the Non-MA plans can be found at <https://shbp.georgia.gov/plan-documents/other-documents/summary-benefits-and-coverage>.

Premiums

Retiree premiums vary based on plan election, dependent coverage, Medicare eligibility and election. The Under 65 monthly basic subsidy rates (not service based) for members as of January 1, 2024 are as follows:

STATE HEALTH BENEFIT PLAN ANNUITANT UNDER 65 RATES JANUARY 1 - DECEMBER 31, 2024

	YOU	YOU + CHILD(REN)	YOU + SPOUSE	YOU + FAMILY
Anthem Gold	\$188.56	\$343.04	\$464.72	\$619.20
Anthem Silver	125.19	235.32	331.65	441.78
Anthem Bronze	77.69	154.57	231.90	308.78
Anthem HMO	148.53	274.99	380.66	507.12
UHC HMO	177.91	324.94	442.36	589.39
UHC HDHP	63.36	130.20	201.80	268.64
Kaiser HMO	169.54	311.96	430.64	573.06

The Fund pays the Medicare Part B late enrollment penalty for members who were required to pay the penalty when the Medicare Advantage plans were first implemented. Future retirees are required to enroll in Medicare Part B when first eligible to avoid the penalty or be responsible for paying the late enrollment penalty if applicable. Medicare-eligible monthly basic subsidy rates (not service based) for members as of January 1, 2024 are as follows:

ANNUITANT MEDICARE ELIGIBLE RATES

Medicare Advantage Plan	Retiree Premium
UHC Standard MA	\$ 0.00
UHC Premium MA	168.22
Anthem Standard MA	156.15
Anthem Premium MA	325.88



Schedule D – Summary of Main Plan Provisions as Interpreted for Valuation Purposes

For active employees with less than 5 years of service, premiums will be subject to the service based schedule shown below.

CONTRIBUTIONS (Actives with less than five years of service as of January 1, 2012): The Health Benefit Fund will pay a portion of the blended contribution rate for the Bronze Plan or the UHC Premium MA Plan based on the retirees' service at retirement. The retiree or spouse will pay the remainder of the premium for the chosen plan, not less than the premium paid by those with more than five years of service as of January 1, 2012.

Service at Retirement	Health Benefit Fund's Share of Contribution Rate		Retiree's Share of Contribution Rate	
	Retiree	Spouse	Retiree	Spouse
30 & Above	75%	55%	25%	45%
29	72	53	28	47
28	69	51	31	49
27	66	49	34	51
26	63	47	37	53
25	60	45	40	55
24	57	43	43	57
23	54	41	46	59
22	51	39	49	61
21	48	37	52	63
20	45	35	55	65
19	42	33	58	67
18	39	31	61	69
17	36	29	64	71
16	33	27	67	73
15	30	25	70	75
14	27	23	73	77
13	24	21	76	79
12	21	19	79	81
11	18	17	82	83
10	15	15	85	85
9 & Below	0	0	100	100



Schedule D – Summary of Main Plan Provisions as Interpreted for Valuation Purposes

BLENDED CONTRIBUTION RATES: As provided by the State Health Benefit Plan, the blended contribution rates used in valuation and trended back to the valuation date are as follows:

2024 Rates				
Medical Plan	Under 65 Retiree with Under 65 Spouse (If Covered)			
	Ret Only	Ret + Ch	Ret + Sp	Family
Anthem Gold	\$1,003.82	\$1,706.49	\$2,108.02	\$2,810.69
Anthem Silver	940.45	1,598.77	1,974.95	2,633.27
Anthem Bronze	892.95	1,518.02	1,875.20	2,500.27
Anthem HMO	963.79	1,638.44	2,023.96	2,698.61
UHC HMO	993.17	1,688.39	2,085.66	2,780.88
UHC HDHP	878.62	1,493.65	1,845.10	2,460.13
Kaiser HMO	818.36	1,391.22	1,718.57	2,291.42

2024 Medicare Eligible				
Retiree Coverage Tier	Anthem MA Plans		UHC MA Plans	
	MA Prem	MA Std	MA Prem	MA Std
Retiree Only	\$388.46	\$156.15	\$230.80	\$0.00
Retiree & Spouse	776.92	312.30	461.60	0.00

Service based premium cannot be less than the basic subsidy premium.