



State of Louisiana
Office of Group Benefits
P.O. Box 44036
Baton Rouge, Louisiana 70804



MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

July 30, 2007

Area offices

Alexandria
318.487.5731
800.813.1578
Baton Rouge
225.925.6625
800.272.8451
Lafayette
337.262.1357
800.414.6409
Lake Charles
337.475.8052
800.525.3256
Metairie
504.838.5136
800.335.6208
Monroe
318.362.3435
800.335.6206
Shreveport
318.676.7026
800.813.1574
TOD
225.925.6770
800.259.6771

CALL TO ORDER

Mr. Aubrey Temple, chairman, called the meeting of the Policy and Planning Board to order.

ROLL CALL

Members Present

Dr. Merline Broussard
Mr. Russell Culotta
Mr. Buford Huckleberry
Mr. Scott Kipper*
Mr. Charles Lazare
Mr. James Lee
Mr. Hubert Lincecum
Mr. Rick Ramsey
Mr. William Quinlan
Mr. Jackie Self
Mr. Aubrey Temple

Members Absent

Mr. Mark Brown
Sen. James David Cain
Mr. Jimmy LeBlanc
Dr. Stan Mays
Rep. Tank Powell

Roll call indicated 10 board members present, representing a quorum.

An
Equal
Opportunity
Employer

*Mr. Kipper arrived after roll call.

APPROVAL OF MINUTES OF JUNE 14, 2007 BOARD MEETING

The minutes of the June 14, 2007 meeting were presented for approval.

A motion was made by Mr. Lincecum, seconded by Mr. Lee to accept the minutes as presented. There being no objections, the minutes were approved as presented.

ELECTION OF OFFICERS FOR 2007-08

Chairman

Mr. Temple opened the floor for nominations for the office of Chairman of the Board.

Mr. Lincecum nominated Mr. Temple. The nomination was seconded by Mr. Culotta.

There being no opposition, Mr. Temple was elected by acclamation as Chairman of the Board.

Vice Chairman

Mr. Temple opened the floor for nominations for the office of Vice-Chairman of the Board.

Mr. Lee nominated Mr. Lincecum. The nomination was seconded by Mr. Self.

There being no opposition, Mr. Lincecum was elected by acclamation as Vice-Chairman of the Board.

Secretary

Mr. Temple opened the floor for nominations for the office of Secretary of the Board.

Mr. Lincecum nominated Mr. Lee. The nomination was seconded by Mr. Huckleberry.

There being no opposition, Mr. Lee was elected by acclamation as Secretary of the Board.

RATIFICATION OF THE BOARD RESOLUTION TO VETO HB 247

Mr. Teague presented for ratification by the Board a resolution (attached hereto) in support of vetoing HB 247 of the 2007 Regular Legislative Session that had been sent to the Governor (The Board, by phone, had already evidenced its support of this Resolution). He also reported that the bill has been signed by the Governor and became Act 479 of the 2007 Regular Legislative Session.

After discussion, a motion was made by Mr. Lincecum, seconded by Mr. Self, to adopt the Board Resolution urging and requesting that the Governor veto HB 247. There being no objection, the Board Resolution to veto HB 247 was approved.

2007 LEGISLATION UPDATE

Mr. Teague reviewed 2007 legislation that had passed that could possibly affect OGB. Below is a review of several of the bills:

HB 247 (Act 479) – This act requires that OGB initiate a competitive process to allow any Louisiana fully insured HMO to submit a bid to offer HMO coverage and a Medicare Advantage Plan to OGB members. OGB will be required to issue them a contract and hold an open enrollment period for them to enroll members for coverage. This legislation took effect when signed by the Governor. Mr. Teague reported that OGB is proceeding with the Notice of Intent to Contract (NIC). Listed is the schedule of events for the NIC process:

NIC Issued	Aug. 1, 2007
NICs Due	August 22, 2007
Open Enrollment Period	Sept. 17 thru Oct. 16, 2007
Effective date of new coverage	January 1, 2008

Mr. Teague stated that a lawsuit was filed on behalf of United Healthcare on Friday, July 27, 2007 seeking injunctive relief regarding Act 479. In the meantime, until a ruling has been made by the court, OGB will continue with the NIC process. Mr. Teague stated that currently there are only four HMOs in the state that meet the definition of Louisiana HMOs: Vantage, Blue Cross, People's Choice and Health Plus in Shreveport. If Blue Cross chooses to participate, then OGB will have to hold meetings in all regions of the state. If not, OGB will only hold meetings in the regions where an HMO wants to participate in the process. The open enrollment will still be statewide and anyone can switch plans, but OGB will only hold meetings where there is a new plan to be offered.

HCR 9 – This resolution continues a Task Force for the working uninsured, of which OGB is a member.

HCR 201 – Creates the Medication Access and Cost Study Committee of which OGB will be a member.

SB 56 (Act 366) – Allows any state employee and/or elected official who has at least 10 years of service to continue coverage in the OGB program even if they would not have otherwise been eligible to continue coverage. The member will pay the entire 100% of the premium cost. Mr. Teague reported that an amendment was added to this legislation which would allow OGB to risk rate this group. This is essentially similar to COBRA coverage and allows those people who could not get coverage any place else to remain covered. He stated that this will probably not be a very big group but will be an expensive group. Mr. Teague stated that he will provide the Board with the possible rate category for this group as soon as it has been calculated by the actuary.

HCR 236 – Requests that OGB provide coverage for minimum of four prosthetic bras per year to breast cancer patients. Mr. Teague stated that OGB currently pays for two prosthetic bras per year. The first year OGB pays for two and than one every six months. Mr. Teague has written a letter of explanation to the author of the resolution.

INFORMATIONAL PRESENTATION ON THE LSU SYSTEM HEALTH PLAN (DEFINITY) WITH Q & A FROM THE BOARD

Mr. Ramsey reported that several meetings where held at the LSU system office with Forest Benedict and Ken Krogstad, and with DOA representatives. The differences have been resolved and the Memorandum of Understanding is ready for execution. Mr. Ramsey invited Mr. Krogstad and several others to speak to the Board regarding the Definity plan so that they can clear up any misinformation and/or misconceptions about the program. He gave Board members an opportunity to ask any questions. Mr. Ramsey stated that some Board members had questioned the availability of the Definity program to all participants in the LSU system, and that there had also been questions about the personal care accounts. He wanted Mr. Krogstad to comment on those items.

Mr. Krogstad stated that there is a slight modification to the MOU that the Division of Administration has requested and he is expecting to receive the additional language from the Division today. He stated he appreciated that the Board had invited him to speak to them on the Definity plan. He stated the plan is offered to every LSU employee and retiree.

He confirmed that Definity is also offered to the employees and legislators of Louisiana Legislature as well.

Mr. Temple stated that the Board in the beginning thought that the Definity program could have an adverse effect on the OGB program and that the rest of the state employees would end up bearing the burden. The Board wants to be satisfied that that is not the case. The Board wants to be sure that a healthier risk group is not being carved out of the OGB program.

Mr. Lincecum asked whether LSU is actively offering the Definity plan in the charity hospitals and whether it holds extensive meetings with everyone of the charity hospitals. Mr. Lincecum stated that OGB holds approximately 435 meetings during annual enrollment statewide. OGB meetings are held for the purpose of providing information on the PPO, EPO and HMO. At those meetings OGB does not talk about Definity. Mr. Krogstad responded that this year in the 21 business day period of the open enrollment for the Definity program, approximately 85 meetings were held. He stated that Definity would like to be part of the OGB meetings, but traditionally the OGB representatives present the three plans, and Definity may or may not have an opportunity to provide information at those meetings. Mr. Lincecum asked again if actual information meetings for the Definity program are held in every charity hospital to offer to all the nurses aides, doctors, custodial workers, and food service workers to give them the opportunity to join the Definity program. Mr. Krogstad stated yes. Mr. Lincecum stated that he stands corrected because he made the statement in previous Board meetings that he did not believe that Definity was holding meetings at the charity hospitals. He stated he had previously asked Definity the question and no one from Definity gave him an answer.

Mr. Temple asked why OGB has not worked in conjunction with Definity during Annual Enrollment. Mr. Teague stated that traditionally it has been a matter of allotted time. He stated that in the future when OGB holds a meeting at a location where Definity should be an offering, then OGB would allow Definity to present its plan.

Mr. Noel Hunt stated that when they hold meetings at the Capitol for legislative employees about Definity that employees from other agencies may attend these meetings and ask why they can not be members of this plan. Mr. Hunt stated that at the legislature that they try to identify the people that are eligible for Definity and bring them into a separate meeting, but that he would not have any objection to holding meetings in conjunction with OGB. Mr. Hunt stated that he had taped the meetings for both OGB and Definity enrollments and the computer staff at the legislature sets it up so that he can e-mail it to each legislator's district office so that they can watch it in their office. Mr. Teague stated that the

other problem is that it takes longer to explain the Definity plan than the other plans that members are familiar with. Many have never heard of an HRA account and how a consumer driven plan works and it takes time to explain it. Mr. Lincecum stated that in the beginning Definity did not want to participate in all of OGB's open enrollment meetings because in some locations they did not have many LSU eligible employees and did not have a reason to send an agent to these meeting. It was Definity's choice not to participate.

Mr. Quinlan asked who was eligible for the program. Mr. Krogstad stated that it was LSU employees, legislators and legislative staff and their retirees. But if an employee previously had Definity while employed at LSU and/or the legislature and moved to another agency and that agency agrees to make the Definity deductions, then the employee can keep the plan. Mr. Quinlan asked why have another separate plan for a certain group of people. Mr. Krogstad stated that LSU is totally responsible for this self-funded plan. The eligibility requirements of the LSU plan mirrors the OGB requirements. The reason for that is that anyone in the LSU plan has the opportunity to change plans every April to any other OGB plan. Mr. Quinlan asked if there was any way to identify the employees and do a comparison of loss ratio of LSU versus OGB. Mr. Tomczyk stated that this could be done and Mr. Quinlan stated he would like to see the comparison. Mr. Quinlan stated all that he wanted to do was to be sure that OGB is not burdened with the cost of this plan. He is not against the Definity plan or a higher deductible health plan but he would like it done under one program.

Mr. Krogstad provided information on how the personal care account works along with the deductible for members of the Definity plan. Mr. Ramsey stated for clarification that the personal care account is built into the Definity rate structure along with money that LSU funds for each account.

Mr. Quinlan stated that his responsibility on the Board is to make sure that he is protecting state employees. He wanted assurance we are not just offering this particular plan to the healthier employees so that they can benefit on the cost while we continue to drive up the cost for OGB plan members. Mr. Ramsey asked what percentage of legislators are in the Definity plan. Mr. Hunt stated 90 percent. Mr. Ramsey stated that he has heard the misconception that has floated around for 10-15 years that the LSU system has the healthiest employees and if they are taken out of the pool than it affects the loss ratio of the pool. He has been told that this is the opposite. That the group that is insured through LSU is considered a medium to high risk group and the legislature is a high risk. Whether this

is true or not is he didn't know. Public entities are the worst group and utilizer of health care in the entire nation. He stated that he is not saying that Definity is pulling the good risk away, but historically speaking people who purchase the large deductible health plans are a healthier group of people and the lower deductible health plan ends up with sicker people.

Mr. Temple thanked Mr. Ramsey for chairing the committee and facilitating the resolution of the MOU issues. Mr. Temple also stated that he wanted to be sure that the LSU system and OGB staff communicate as much as possible, especially on the enrollment process. He thanked Mr. Krogstad for coming and speaking with the Board.

MIGRATION REPORT

Mr. Teague reviewed the open enrollment migrations report with the Board. Humana HMO increased by approximately 11,000, United EPO increased by approximately 8,600 contracts, PPO increased by approximately 2,300 and the Definity (\$500) increased by 897. The 430 members in the ASI plan will have to go to the other plans January 1, 2008 because the federal government does not allow plans to offer an incentive to have members enroll in the TriCare supplement.

CEO REPORT – OPERATIONAL ACTIVITIES

Mr. Teague discussed OGB operational activities with the Board. For all of the medical plans, United Behavioral Health, and the drug program in May there was a 97.3 percent loss ratio. With the 6 percent rate increase effective July 1, 2007, during the first part of 2008 FY, this loss ratio should come down. The fund balance at the end of May 2007 is approximately \$115 million. As of the end of June the fund balance will be approximately \$119 million and the total surplus for the fiscal year was \$151.7 million. OGB started the year with a \$32 million deficit as of June 30, 2006, and should have a fund balance of approximately \$119 million for the fiscal year. Mr. Teague reported that OGB's IBNR was approximately \$63 million. Mr. Tomczyk is working on the current IBNR for this fiscal year.

OLD BUSINESS

None

NEW BUSINESS

Mr. Teague presented information on Act 407 of the 2007 legislative session expanding the LaChip program under the Department of Health

and Hospitals (DHH). This program allows DHH to provide insurance coverage to children whose parent's income is between the 200% and 300% of the federal poverty level. DHH has approached OGB to act as a

Third Party Administrator (TPA) for this plan. OGB will not be at risk for these claims, but will provide eligibility, claims payment, provider networking, and customer services to this group. The claims cost will be passed back to DHH and OGB will receive a fee for doing the TPA administration. This is a win-win proposition. OGB can perform the TPA services at a minimum amount because the infrastructure is already in place at OGB for these functions.

Mr. Teague also reported on the cooperative endeavor that OGB is working on with Civil Service to design an employee assistance program for employees statewide. Louisiana is one of the only states that doesn't have an overall employee assistance program. Mercer has conducted a feasibility study and OGB plans to present an outline of the basic program to the Civil Service Commission in the near future. Some minimum funding from the State will be necessary in the beginning and the program will have to be very well coordinated between the EAP program and OGB's mental health and substance abuse benefits structure. Mr. Ramsey stated that a lot of the universities have EAP programs in place now. Mr. Teague stated that some agencies have EAP programs, but there is nothing on a statewide basis available to all state employees.

PUBLIC COMMENTS

Dr. Gary Jones, President of Vantage Health Plan, addressed the Board regarding ACT 479 and their plans to offer a fully-insured program. JP Morgan, Chase, Georgia Pacific, State Farm Insurance, and the Federal Employees Group Benefits program all offer Vantage plans as options to their self-insured plans. He stated these companies like Vantage because they reduce their cost and offer better benefits to employees. Vantage has major medical centers such as MD Andersen Cancer Center, St. Jude's for Children, and Little Rock Children's Hospital. Vantage's success is actually geared toward being about to take care of very sick people at the same price as a lot of the high deductible plans. He urged the Board to take a second look at the fully insured plans because he thinks they can do a better job in improving quality of care and reducing the cost of that care.

ADJOURN

There being no further business to discuss, a motion was made by Mr. Lee, seconded by Mr. Lincecum, to adjourn. With no opposition, the motion was unanimously adopted.



Mr. Aubrey Temple, Chairman