



State of Louisiana
Office of Group Benefits
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MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

October 13, 2008

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CALL TO ORDER

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

ROLL CALL

Members Present

Rep. Robert Billiot
Dr. Merline Broussard
Mr. Russell Culotta
Mr. Kenneth Krefft
Mr. James Lee
Mr. Hubert Lincecum
Ms. Janet Lorena
Mr. Rick Ramsey*
Mr. Aubrey Temple

Members Absent

Sen. "Butch" Gautreau
Mr. Buford Huckleberry
Dr. Daniel "Stormy" Johnson
Mr. Philip Rebowe
Mr. Jackie Self
Ms. Karen Reiners Winfrey

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

*Mr. Ramsey arrived after roll call.

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APPROVAL OF MINUTES OF THE JULY 18, 2008 BOARD MEETING

The minutes of the July 18, 2008 meeting were presented for approval.

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

MERCER ACTUARIAL REPORT

Mr. Tomczyk reported that the premium surplus/defecit was \$57,123 and the fund balance was \$327 million. He explained that the incurred cost per member for the PPO plan was \$4,187, HMO was \$3,565, and EPO was \$4,091. He said the use of generic prescriptions is at approximately 60 percent, which is very good. The prescription cost per script for retail generic is at approximately \$18.00 per script and the cost for brand name drugs is approximately \$120 per script.

MERCER ACTUARIAL REVENUE STUDY

Mr. Tomczyk stated that Mercer conducted an actuarial valuation for the Incurred But Not Paid (IBNP) claims as of June 30, 2008. The results show a projected total reserve of approximately \$83.5 million at June 30, 2008 is necessary. This is down from \$87 million.

AWARD OF DISEASE MANAGEMENT CONTRACT

Mr. Teague reported on the award of the disease management contract to Health Dialog. Mr. Teague provided the board with the evaluation results of vendor proposals and stated that the OGB executive staff conducted site visits of the top 3 vendors. The new contract will be based on enrollment of participating plan members and not per member per month cost as the previous contract. The contract is effective January 1, 2009, to administer a disease management program for plan members without Medicare who have five specific chronic diseases. The company's Dallas customer service center will serve OGB plan members. Also, an interim emergency contract that took effect October 1 allows Health Dialog to continue serving several hundred current participants who where previously being served by APS.

JULY 1, 2008 PROPOSED RATE INCREASE

Mr. Tom Tomczyk of Mercer reported that the proposed July 1, 2009 rate increase is projected to be 4.2 percent. He reported that this is still below the national trend. Mr. Culotta stated that he was opposed to any rate increase.

CEO REPORT – OPERATIONAL ACTIVITIES

Mr. Teague reviewed the operational reports which indicated a claims loss ratio of 63.48 percent in August 2008. OGB received 103,157 claims in the month of August and the average turnaround time for claim payment was 1.6 days, far better than industry averages and standards. Mr. Teague reported the administrative cost for August, 2004 was \$2.4 million, representing only 2.5 percent of OGB's revenue which is very low. The August fund balance is approximately \$300.9 million.

OLD BUSINESS

Dependent Verification Project

Mr. Teague reported that verification documentation has not yet been submitted for approximately 61,250 dependents and only 51.7 percent of the dependents have been verified to date. Rep. Billiot requested that OGB notify elected officials before they are inundated with phone calls from active and retired employees who lose coverage for unverified dependents effective January 1, 2009.

A motion was made by Mr. Ramsey, seconded by Mr. Krefft, to hire additional temporary staff to assist in contacting plan members who have not submitted documentation to verify dependent coverage. There being no objections, the motion was passed.

NEW BUSINESS

Customer Service Contract

Mr. Teague reported that a Request for Proposals (RFP) has been issued through state purchasing for a company to provide customer service to our PPO network providers. The contract is being re-bid with two options: providing services offsite or in-house using OGB equipment and phones. The bids are due within 30 days.

Passage of Federal Mental Health Parity Act

Mr. Teague informed the Board that OGB is working with Mercer to develop a Request for Proposals to rebid OGB's coverage for mental health and substance abuse. Effective July 1, 2010, OGB's benefits for these services will have to be changed to comply with this federal law. This is recently-

passed federal legislation requiring health plans to provide mental health benefits equal to coverage for physical illnesses and diseases.

DOTD Survey

Mr. Teague discussed with the Board a letter he received from William D. Ankner, Secretary of the Department of Transportation and Development, which included results from a DOTD employee satisfaction survey in 2007 regarding healthcare coverage. The Board authorized Mr. Teague to send a letter (attached) in response to the DOTD employees' health care concerns and to invite the secretary to an upcoming board meeting to promote further communication on the issue.

Premium Classification

Mr. Teague informed the Board that OGB is dealing with issues of rehired retirees being erroneously misclassified. He explained that OGB is working with agencies and school boards to properly classify rehired retirees, particularly school board members, and collect additional funds owed based on correct premium rates.

PUBLIC COMMENTS

Mr. Martin Duvic spoke to the Board regarding problems that he has had with OGB and United Health concerning his benefits.

Mr. Bobby Miles questioned Mr. Tomczyk regarding the formula and methodology he used to determine the proposed July 1, 2009 rate increase.

ADJOURN

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


Mr. Aubrey Temple, Chairman