



State of Louisiana
Office of Group Benefits
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MINUTES

OFFICE OF GROUP BENEFITS POLICY AND PLANNING BOARD MEETING

April 20, 2010

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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

Mr. Barry Blumberg
Dr. Merline Broussard
Mr. Russell Culotta
Mr. Kenneth Krefft
Mr. James Lee
Ms. Janet Lorena
Mr. Rick Ramsey
Mr. Jackie Self
Mr. Aubrey Temple

Members Absent

Rep. Robert Billiot
Sen. "Butch" Gautreau
Mr. Hubert Lincecum
Mr. Philip Rebowe
Ms. Karen Winfrey

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

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APPROVAL OF MINUTES OF THE MARCH 2, 2010 BOARD MEETING

The minutes of the March 2, 2010 meeting were presented for approval.

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

STATUS OF NOTICES OF INTENT TO CONTRACT

Mr. Teague provided updates on the status of various contracts for OGB health plans and services for 2010-11 plan year for which notices of intent to contract (NICs) were issued.

- HMO and EPO—OGB proposed to award the HMO contract to BCBS of Louisiana. Because this program can feature a national network, the NIC for the EPO was withdrawn and the two plans will be merged. United and Humana filed protest regarding the proposed award. Under state rules, these protests suspended the start of annual enrollment. On April 13th, the Commissioner of Administration affirmed the decision of OGB and denied the protests. This action allowed OGB to begin rescheduling annual enrollment. Annual Enrollment will begin May 3rd and last through May 21st. Agencies must enter changes or get documents to OGB by May 26th. ID cards for all plans will be printed from eligibility files prepared by OGB on June 11th. These dates are subject to change if there is a lawsuit filed by Humana or United.
- PPO—Unknown at this time.
- CDHP—This Consumer Driven Health Plan with a Health Savings Account will be administered by United.
- MHSA—OGB has proposed an award of this contract and that proposal is under review by the Division of Administration.
- PBM—Catalyst Rx will begin a new contract period on July 1, 2010.

ACTUARIAL REPORT

Mr. Thomas Tomczyk, with Buck Consultants, advised the Board that by using some of the surplus fund balance to avoid implementing a rate increase this year will cause the need for a much larger increase in the next

fiscal year. He reviewed the actuarial report which indicated that the FY 2009-10 fund balance is projected to be approximately \$461 million by the end of the fiscal year on June 30.

The OGB generic drug utilization rate continues to grow to approximately 62 percent from 60.6 percent from last year. Mr. Teague noted that effective July 1, 2010, OGB's implementation of a mandatory generic drug benefit will require plan members to pay any additional cost for brand drugs when generic drugs are available, which is expected to further increase generic drug utilization. The cost incurred per script for retail generic is down 2.4 percent from the previous year and the brand name cost incurred per script is up 10.1 percent from the previous year.

Mr. Tomczyk reported that OGB experienced increases of 9.7 percent in medical costs and 12.4 percent in drug costs over the past year. Two factors that are driving increases in OGB costs are the large volume of high-cost claims and the magnitude of high-costs claims.

2010 LOUISIANA LEGISLATIVE UPDATE

Mr. Teague reported on the proposed legislation in the 2010 Louisiana Legislative Session and how these bills may impact the Office of Group Benefits.

CEO REPORT – OPERATIONAL ACTIVITIES

Mr. Teague reviewed the operational reports which indicated a claims loss ratio of 66 percent in February 2010. The cost paid for Inpatient Hospital Medical was approximately \$22 million and Outpatient Hospital Medical was approximately \$7 million. OGB received 94,208 claims in the month of February 2010 and the average turnaround time for claim payment was 2 days. OGB customer service received 17,655 calls with a wait time on average of 1 minute and 22 seconds.

Mr. Teague report that the average age of plan members continues to rise for all OGB health plans. The medical home HMO plan has the lowest average age. The average age for PPO plan member is 64, HMO 47, EPO 49, and MHHP 45.

The fund balance was \$451, 865,411 as of March 31, 2010, reflecting a loss of \$10 million in March. This fund balance will be used to pay increased costs to avoid raising OGB health plan premium rates for 2010-11 because

the budget for state agencies prepared by DOA does not include funds for a higher state share of premiums for employee health coverage

OLD BUSINESS

Dependent Coverage

Mr. Teague presented the Board with a resolution supporting the passage of legislation to increase the age for the coverage of dependent children to age 26, regardless of student status.

After discussion, a motion was made by Mr. Ramsey, seconded by Mr. Culotta to ratify the Resolution as written. There being no objection, the motion passed.

Bariatric Surgery for Obesity

Mr. Teague reported that HB 1005 would require that OGB establish a program designed to address the problem of the high rate of obesity in Louisiana, by providing for treatment and management of obesity and related conditions through various methods including the use of bariatric surgery. Mr. Tomczyk is working on the fiscal note for this bill.

NEW BUSINESS

Act 479 of the Regular Louisiana Legislative Session of 2007

Mr. Teague explained the effects of Act 479 to the Board and advised them that OGB would implement this act after July 1, 2010.

Mr. Teague submitted a memorandum on the effect of the passage of the federal Patient Protection and Affordable Cost Act (PPACA) and the Federal Health Care and Education Reconciliation Act of 2010 on the Office of Group Benefits. Because OGB's plan year begins on July 1st of every year, the earliest mandated changes will take effect will be July 1, 2011. Under the act the OGB plan will be "grandfathered" because it was in existence on March 23rd, the date of enactment. As a grandfathered plan, OGB will be exempt from some of the reforms.

Mr. Teague stated that COBRA premiums will be extended to May 31, 2010.

PUBLIC COMMENTS

Ms. Erin Oramous with the St. Tammany Parish School Board thanked OGB for all the service they provided them when St. Tammany was in the Program.

ADJOURN

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



Mr. Aubrey Temple, Chairman