



State of Louisiana
Office of Group Benefits
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MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

March 2, 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

Rep. Robert Billiot *
Mr. Barry Blumberg
Dr. Merline Broussard
Mr. Russell Culotta
Sen. "Butch" Gautreau*
Mr. Kenneth Krefft
Mr. James Lee
Mr. Hubert Lincecum
Ms. Janet Lorena
Mr. Rick Ramsey
Mr. Philip Rebowe
Mr. Aubrey Temple

Members Absent

Mr. Jackie Self
Ms. Karen Winfrey

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

An
Equal
Opportunity
Employer

* Rep. Billiot and Sen. Gautreau arrived after roll call.

Mr. Temple introduced and welcomed Mr. Barry Blumberg to the OGB Policy and Planning Board. Mr. Blumberg was appointed by the governor to fill the seat that represents the Health and Life Insurance Sector.

APPROVAL OF MINUTES OF THE JANUARY 15, 2010 BOARD MEETING

The minutes of the January 15, 2010 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.

AWARD OF CONTRACTS

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

The HMO was awarded to Blue Cross Blue Shield (BCBS) of Louisiana . The contract with BCBS of La. will enable HMO plan members to access a nationwide network of doctors, hospitals and other medical care providers. As a result, OGB will merge the HMO plan with the self-insured Exclusive Provider Organization (EPO) health plan, which has a nationwide provider network.

Mr. Teague explained that the EPO NIC was withdrawn because having an HMO plan with a national network eliminates the need for a separate EPO plan. Current EPO plan members who do not select another OGB health plan during Annual Enrollment in April will be automatically enrolled in the HMO plan.

The High Deductible Health Plan (HDHP), hereafter to be referred to as the Consumer Driven Health Plan (CDHP), was awarded to United Healthcare. Mr. Teague advised that during Annual Enrollment there will be an additional meeting in each region for members that are interested in the CDHP plan. This plan will have an optional health savings account. The state will provide the same percentage of contributions as for other OGB health plans and will also contribute \$100 per plan year to each participating plan member's HSA and match up to \$400 in additional plan member contributions each plan year. This account is portable and can be used to pay qualifying medical expenses with pre-tax dollars.

OGB received four proposals for the Mental Health and Substance Abuse NIC and they are still being evaluated.

The Pharmacy Benefit Management was awarded to Catalyst Rx. OGB received four bids, but the Express Scripts bid was rejected due to non-compliance of the NIC request. Catalyst Rx has managed prescription drug benefits for OGB's PPO, EPO and HMO health plans since 2004.

Mr. Teague reported that the Division of Administration (DOA) received a bid from BCBS of Louisiana for administering the PPO plan and it is currently being evaluated by DOA in consultation with Buck Consultants. DOA is trying to determine if the PPO plan can be administered more cost-effectively by a private company. Mr. Teague stated that if DOA decides it is best to continue to have OGB administer the PPO plan, the NIC will be withdrawn.

If BCBS of Louisiana wins the bid for the PPO, then OGB will have significant layoffs, affecting approximately one-third of the agency's employees. He further explained either way, OGB must still perform eligibility, fiscal, some customer service, and some IT functions to aggregate all health plan data into a single dashboard to compare plan costs.

Mr. Teague stated that no protests have yet been submitted but that OGB has received many public records request regarding the NICs.

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 coming year. He reviewed the actuarial report which indicated that the FY 2009-10 fund balance is projected to be approximately \$484 million by the end of the fiscal year on June 30.

The OGB generic drug utilization rate continues to grow to 61.6 percent from 60.1 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. Mr. Tomczyk stated that each one percent increase in plan member utilization of generic drugs equals a one percent reduction in drug cost.

Mr. Tomczyk reported that OGB experienced increases of 9.8 percent in medical costs and 11.6 percent in drug costs over the past year. Two factors that are driving increases in OGB costs is the large volume of high-cost claims and the magnitude of high-costs claims.

CEO REPORT – OPERATIONAL ACTIVITIES

Mr. Teague reviewed the operational reports which indicated a claims loss ratio of 70 percent in December 2009. OGB received 111,222 claims in the month of December 2009 and the average turnaround time for claim payment was 2 days. OGB customer service received 17,274 calls with a wait time on average of 42 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 \$443,881,539 as of December 31, 2009. 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. Ramsey indicated that he is still interested in pursuing a recommendation that OGB raise the termination age for dependent children to age 26, regardless of student status.

Mr. Teague explained that the Department of Insurance (DOI) has drafted legislation for the next legislation session to increase the age to 24 regardless of student status. Mr. Ramsey suggested that OGB contact Ms. Winfrey with DOI to see if they would be willing to raise the age to 26 in their proposed legislation. Sen. Gautreau said that he was the author of the legislation and had no problem with raising the age to 26.

After discussion a motion was made by Mr. Krefft, seconded by Sen. Gautreau, to issue a Board Resolution expressing support for legislation raising the termination age for dependent children to 26, regardless of student status. There being no objection the motion passed.

OGB Audits

Mr. Teague reported that the Legislative Auditor's Office has completed an audit of OGB and found no findings. The Department of Insurance is also conducting an audit of OGB, which is expected to wrap up March 4.

NEW BUSINESS

Mr. Ramsey requested that the Board review the co-pay for physical therapy. He suggested that it be changed from a per visit co-pay to possibly a one co-pay for multiple physical therapy visits. He explained that the co-pay per visit can put a financial burden on the plan member.

Mr. Teague reported that East Carroll Parish School Board is now a participating agency with an 18% higher risk rate.

Mr. Teague reported that the Orleans Parish School Board has requested a risk rating from OGB. There are several issues with this request, the largest being a large number of retirees that would be affected by the participation rule.

Mr. Teague stated that the Commission on Streamlining State Government made only one recommendation regarding OGB. In the interest of maximizing efficiency, the panel recommended a single administrator for all OGB health plans, a function OGB is already performing.

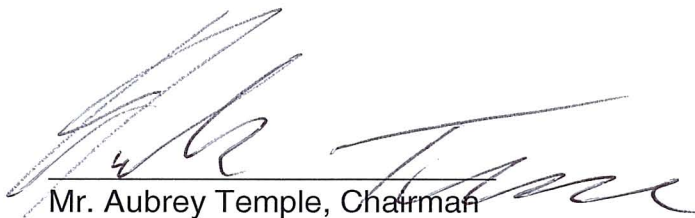
PUBLIC COMMENTS

Ms. Leslie Cockern requested that the Board consider adding bariatric surgery for morbid obesity to the plan of benefits.

A motion was made by Sen. Gautreau, seconded by Mr. Ramsey, to issue a Board Resolution (after an actuarial cost is provided) urging DOA to support amending the plan of benefits to include coverage for bariatric surgery for morbid obesity. There being no objection, the motion passed.

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