



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



## MINUTES

### OFFICE OF GROUP BENEFITS POLICY AND PLANNING BOARD MEETING

May 13, 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

Mr. Hubert Lincecum

Ms. Janet Lorena

Mr. Rick Ramsey

Mr. Aubrey Temple

#### Members Absent

Rep. Robert Billiot

Sen. "Butch" Gautreau

Mr. Philip Rebowe

Mr. Jackie Self

Ms. Karen Winfrey

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

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## **APPROVAL OF MINUTES OF THE APRIL 20, 2010 BOARD MEETING**

The minutes of the April 20, 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.

## **UPDATE ON LEGAL ACTIONS BY HUMANA & UNITED HEALTHCARE**

Mr. Teague reported that on May 6, 2010 Judge Caldwell consolidated the lawsuits asking for judicial review of the protests and refused to issue a stay order. This allows annual enrollment to proceed. OGB staff is expecting Humana and United to apply for writs to the First Circuit Court of Appeals. Also Humana and United still have pending request for issuances of preliminary injunctions and Mandamus action against OGB. Humana's Mandamus action, alleging OGB has not complied with a public records request is set for a hearing on May 17, 2010.

Mr. Benoit, OGB general counsel explained to the Board that a federal appellate court has reversed an earlier federal court ruling that declared Act 479 of 2007 unconstitutional and ordered OGB not to implement it. Act 479 directs OGB to award additional contracts to full-insured Louisiana based health maintenance organization (HMO) health plans in each of the state's nine regions. The implementation of this will be done after July 1.

## **ANNUAL ENROLLMENT UPDATE**

Mr. Teague reported that annual enrollment was delayed and began on May 3 and will run through May 21, which will be shortened by one week, due to the protests filed by Humana and UnitedHealthcare. Since the shortened annual enrollment period attendance at meetings has been overwhelming. He explained that plan members can also access information from the OGB website regarding plan offerings.

## **UPDATE ON MHSA BENEFITS**

Mr. Teague explained that OGB decided to withdraw the Notice of Intent to Contract (NIC) for Mental Health and Substance Abuse benefits because interim final rules issued by the federal Department of Health and Human Services for implementation of the federal Mental Health Parity Act go further than originally anticipated. OGB will enter into an interim emergency contract with OptumHealth, the current administrator, for self-funded

administration for these benefits, which will increase effective July 1. OGB will then review the plan design before issuing another NIC for a new contract.

### **ACTUARIAL REPORT**

Mr. Thomas Tomczyk, with Buck Consultants, reviewed the actuarial report which indicated a projected estimated surplus of approximately \$60 million at the end of the FY 2009-2010 and a projected fund balance of \$458 million by June 30, 2010. Mr. Tomczyk noted that a loss is expected for the 2010-11 plan year because OGB plans to absorb the projected rate increase of approximately 4.5 percent, which is estimated to be a \$58 million loss.

### **GASB 45 SUMMARY**

Mr. Tomczyk summarized information from the required GASB report on OPED liability presented to the Board. He explained the other post-employment benefits (OPEB) liability for OGB health plans is projected to be \$11.5 billion on July 1, lower than previous estimates of \$12 billion in July 2007 and \$13.7 billion in July 2008. Mr. Tomczyk said GASB required a calculation of annual contributions to amortize GASB liability, plus interests an expenditure that is not currently funded but is based on cost projections adjusted to reflect changing data, using the same valuation as pension assumptions.

### **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.

Mr. Teague reported on one bill that has been turned into a study resolution requesting that OGB provide coverage for bariatric surgery. Mr. Tomczyk explained that the projected actuarial cost of coverage for bariatric surgery is high, but is only one-quarter to one-half of one percent of OGB's total costs.

### **CEO REPORT – OPERATIONAL ACTIVITIES**

Mr. Teague reviewed the operational reports which indicated a claims loss ratio of 80 percent in March 2010. The cost paid for Inpatient Hospital Medical was approximately \$27 million and Outpatient Hospital Medical was approximately \$9 million. OGB received 115,523 claims in the month of March 2010 and the average turnaround time for claim payment was 1.8

days. OGB customer service received 22,614 calls with a wait time on average of 1 minute and 23 seconds.

The fund balance was \$454,556,023 as of April 30, 2010. OGB's fund balance was \$2.7 million higher in April than in March.

### **OLD BUSINESS**

Mr. Temple explained that no candidates qualified in elections to fill the unexpired terms of the seats held by Mr. James Lee, who represents employees of the Department of Transportation and Development, and Dr. Merline Broussard, who represents retired teachers and other school employees, when OGB issued a call for nominations earlier in the year.

Mr. Temple opened the floor for nominations for these seats. There being no nominations, a motion was made by Mr. Lincecum and seconded by Mr. Culotta that Mr. James Lee and Dr. Merline Broussard be re-appointed to these seats. There being no objections, they were unanimously re-appointed.

Mr. Hubert Lincecum was presented with a plaque recognizing his service and dedication to the OGB Policy and Planning Board. Mr. Lincecum thanked the Board and stated that it was his honor and privilege to serve on the Board.

### **NEW BUSINESS**

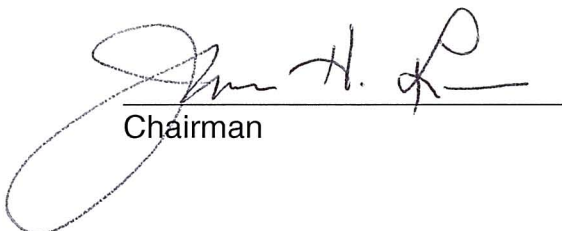
None.

### **PUBLIC COMMENTS**

None.

### **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.

  
Chairman