



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 24, 2012

CALL TO ORDER

Mr. James Lee, called the meeting of the Policy and Planning Board to order.

ROLL CALL

Members Present

Mr. Barry Blumberg
Dr. Merline Broussard
Ms. Nancy DeWitt
Mr. Kenneth Krefft
Ms. Melissa Lee
Ms. Janet Lorena
Mr. Jackie Self
Sen. Gregory Tarver
Mr. James Lee

Members Absent

Rep. Robert Billiot
Ms. Rikki Nicole David
Mr. William E. Foster

Roll call indicated 9 board members present, representing a quorum.

APPROVAL OF MINUTES OF THE MAY 23, 2012 BOARD MEETING

The minutes of the May 23, 2012 meeting were presented for approval.

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

ELECTION OF OFFICERS FOR 2012-2013

The Board elected the following officers:

Chairman

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

Ms. DeWitt nominated Mr. Lee. The nomination was seconded by Mr. Krefft.

There being no further nominations, upon motion of Ms. DeWitt, seconded by Mr. Krefft, Mr. Lee was elected by acclamation as Chairman of the Board.

Vice Chairman

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

Ms. Lorena nominated Ms. DeWitt. The nomination was seconded by Mr. Blumberg.

There being no further nominations, upon motion of Ms. Lorena, seconded by Mr. Blumberg, Ms. DeWitt was elected by acclamation as Vice-Chairman of the Board.

Secretary

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

Ms. DeWitt nominated Ms. Lorena. The nomination was seconded by Mr. Blumberg.

There being no further nominations, upon motion of Ms. DeWitt, seconded by Mr. Blumberg, Ms. Lorena was elected by acclamation as Secretary of the Board.

ACTUARIAL REPORT

Mr. Thomas Tomczyk, with Buck Consultant reported that OGB's fund balance was \$498,549,700 as of April 30, 2012. The historical fund balance is expected to continue downward through the end of the year. He also reported that a \$17 million surplus is expected for the first half of the year. Due to the 7 percent premium reduction, a \$62 million deficit is expected for the last six months, leaving a \$45 million deficit for the year ending December 31, 2012.

He reported that health care cost trends are higher, one reason is the increasing average age of the member in the PPO health plan than for the HMO health plan, and another factor is due to the extended plan year.

He stated that the generic prescription drug utilization rate is 68 percent for the PPO plan, and nearly 70 percent for the HMO plan. The cost per prescription continues to rise by approximately 14 percent for brand-name drugs. Pharmaceutical companies have raised prices for some brand drugs in anticipation of the expiration of patents and availability of generic versions. Nexium and Lipitor are the drugs most frequently prescribed for HMO plan members. Plavix, Nexium and Lipitor are the top drugs prescribed for PPO plan members. These drugs saw significant cost increases in the last year.

Mr. Lee suggested offering an incentive for mail order prescriptions since member utilization is low. Sen. Tarver recommended looking into adding natural and homeopathic drug options to the plan of benefits, noting they work well for him.

CEO REPORT – OPERATIONAL ACTIVITIES

Ms. St. Romain, Chief Operating Officer, reviewed the key indicators report, which indicated that the membership in OGB health plans remains about the same. As of July, the average age of enrollees is 66.62 for the PPO plan, 49.18 for the HMO plan and 46.65 for the Medical Home HMO plan. The average age of plan members in all OGB Medicare Advantage plans combined is 70.5. She stated that OGB paid 16,257,497 claims in the month of April, 2012, and the average turnaround time for claim payments was 2-3 days.

Mr. Lee inquired about the OGB weight loss program underway at Pennington Biomedical Research Center, OGB contract manager Rusti White told the board about 30 bariatric surgeries had been performed so far and all were successful. She said many OGB members indicated interest in participating, and potential participants now exceed program funds for bariatric surgeries. The program also includes a separate intensive medical management component.

Ms. DeWitt requested that the key indicator report be reworked so that a comparison could be done for all of the plans offered through OGB including the PPO (administered by OGB) HMO (administered by BCBS), CDHP (administered by United Healthcare), MHHP Fully Insured, (administered by Vantage) & the La. HMO Fully Insured (administered by Vantage). Ms. St. Romain stated that she would review and rework the report.

OLD BUSINESS

Ms. St. Romain reported that a one-year contract awarded to Blue Cross Blue Shield of Louisiana to administer OGB's self-insured health plans (the PPO, HMO and Consumer Driven plans), with options to renew for two 12-month periods. Mr. Tomczyk said the selection process focused on discounts and administrative fees and a qualitative network review because OGB wanted to minimize disruption in provider networks now utilized by plan members.

Dr. Broussard asked about performance guarantees and expressed concern about customer service quality. OGB general counsel Tommy Benoit said plan members will be notified of all changes and customer service contact information. Dr. Broussard asked when the contract will be available for review and whether premiums will change. Mr. Benoit said it may take some time to write the contract, partly due to possible protests by other companies that submitted proposals. He said the plans are self-insured, so OGB sets premiums, which are not expected to change in 2013.

Ms. DeWitt asked that board members be kept well-informed by OGB staff about what is going on to aid the board in fielding calls from concerned constituents.

Mr. Benoit noted that OGB is still operating under a voluntary delay in a class action lawsuit alleging the agency unwittingly overcharged PPO plan members. He said OGB reported that he should know if the issue can be resolved without further litigation.

NEW BUSINESS

The Board discussed setting a policy regarding a minimum fund balance that the Office of Group Benefits should maintain. Ms. DeWitt recommended this be done by October 2012.

A motion was made by Mr. Krefft seconded by Ms. DeWitt to implement a policy for best practices regarding the OGB fund balance, there being no objection the motion was unanimously approved.

Mr. Krefft discussed doing a study to determine implementing a separate premium for those plan members who smoke. Mr. Self recommended that it include non-tobacco user benefit.

A motion was made by Mr. Krefft, seconded by Sen. Tarver, to conduct a study of the plausibility and cost benefit of implementing a non-tobacco user benefit. The motion passed unanimously.

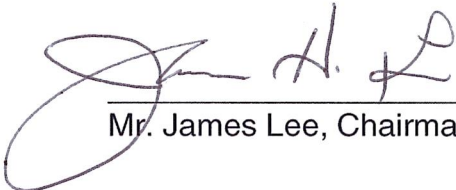
The next board meeting was set for tentatively Wednesday, August 22, 2012 at 10:00 a.m.

PUBLIC COMMENTS

There were no public comments from the audience.

ADJOURN

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



Mr. James Lee, Chairman