



State of Louisiana
Office of Group Benefits
P.O. Box 44036
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MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

May 23, 2012

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CALL TO ORDER

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

ROLL CALL

Members Present

Mr. Barry Blumberg
Dr. Merline Broussard
Ms. Rikki Nicole David
Ms. Nancy DeWitt
Mr. Kenneth Krefft
Ms. Melissa Lee
Ms. Janet Lorena
Mr. James Lee

Members Absent

Rep. Robert Billiot
Sen. Jack Donahue
Mr. William E. Foster
Mr. Jackie Self

Roll call indicated 8 board members present, not representing a quorum.

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APPROVAL OF MINUTES OF THE MARCH 28, 2012 BOARD MEETING

The minutes of the March 28, 2012 meeting were presented for approval.

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

ACTUARIAL REPORT

Mr. Thomas Tomczyk, with Buck Consultant reported that OGB's fund balance was \$487,180,318 as of April 30, 2012. A slight loss is anticipated for the 2012 plan year. OGB's fund balance is projected to stand at \$471 million by December 31, 2012. It is expected that the loss will be made up by outsourcing the PPO health plan.

He also stated that EGWP payments were \$18.9 million in addition to the Medicare Part D subsidy which was approximately \$6.9 million

Mr. Tomczyk also reported that claims for hospitalization have increased due to more plan members taking advantage of annual wellness benefits and testing related to the disease management program. This may result in OGB seeing fewer claims for emergency room visits and hospital admissions.

He also advised that prescription drug expenses also were slightly higher than expected, due to increases in costs for brand name drugs which soon will be going off patents and increases in costs for generic drugs. OGB's generic drug utilization rate is now 65.1 percent for active plan members in the PPO health plan (self-administered by OGB) and 70 percent for active plan members in the HMO health plan (administered by Blue Cross and Blue Shield of Louisiana). The 5 percent difference in generic drug usage for active plan members between the PPO and the HMO health plans could be because of the age of the population in each plan.

CEO REPORT – OPERATIONAL ACTIVITIES

Ms. St. Romain, Chief Operating Officer, reviewed the operational reports for February and March, 2012, which indicated that the average age of enrollees for each plan as of May 1 are: 66 for the PPO health plan, 49 for the HMO health plan, and 46 for the Medical Home HMO health plan. The average age of plan members in Medicare Advantage plans combined is 70. She also reported that there was a \$5.5 million increase in the fund balance from January to April, 2012.

Dr. Broussard asked about the 7 percent decrease in premiums expected for the 2012 plan year. Mr. St. Romain confirmed that the premium decrease has been proposed.

Ms. St. Romain reported that OGB issued a Notice of Intent (NIC) to contract for services for a health maintenance organization plan (HMO), preferred provider organization plan (PPO), a high deductible health plan (HDHP) with health savings account (HAD), and LaCHIP affordable plan (LACHIP) on April 30, 2012 and that the proposals are due on June 11, 2012. Pharmacy benefits management was not included in the NIC so that OGB can see a maximum of savings.

Mr. Tommy Benoit, general counsel, explained the new employer-funded HRA (health reimbursement account) that will be available to retirees who opt out of OGB coverage and join a Medicare Advantage plan instead. The state will contribute to the HRA in place of its share of the premium. The plan member can then use the HRA to pay medical expenses deemed eligible by the IRS. The contribution amount is unknown at this time, as well as whether the HRA funds will roll over from year to year.

OLD BUSINESS

Tommy Benoit reported that OGB is still a long way from final resolutions concerning the class action lawsuit alleging the agency unwittingly overcharged PPO plan members. He said OGB and the Office of Risk Management have hired outside law firms to handle litigation, as OGB does not have enough resources in house. He is confident OGB will win the case.

NEW BUSINESS

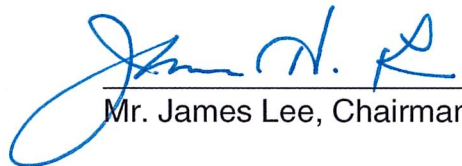
Mr. Benoit reported that since no candidates were nominated for the regular and special Group Benefits Policy and Planning Board elections, for three seats on the board, representing higher education employees (to which Ms. Lee was just appointed); Louisiana Department of Transportation and Development employees (now held by Mr. Lee); and retired teachers and school employees (now held by Dr. Broussard). Board members who currently hold those seats are appointed on an interim basis until the next scheduled election in 2014.

PUBLIC COMMENTS

Ms. Paula Gordon, asked for the report that says outsourcing the PPO health plan is the best way to save money. Ms. St. Romain advised her that the information can be made available to her by filling out a public records request. Ms. St. Romain reported that a layoff plan has not been established at this time.

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