



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

September 10, 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. Rikki Nicole David
Ms. Nancy DeWitt
Mr. Kenneth Krefft
Ms. Melissa Lee
Ms. Janet Lorena
Mr. James Lee

Members Absent

Rep. Robert Billiot
Mr. William E. Foster
Mr. Jackie Self
Sen. Gregory Tarver

Roll call indicated 8 board members present, representing a quorum.

APPROVAL OF MINUTES OF THE JULY 24, 2012 BOARD MEETING

The minutes of the July 24, 2012, 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.

ACTUARIAL REPORT

Mr. Thomas Tomczyk, with Buck Consultant reported that the reports are not totally complete due to a delay caused by Hurricane Isaac but that next month the reports should be completely up to date. He did report as stated previously the fund balance was \$498,549,700 as of April 30, 2012.

He reported that OGB is starting to see the expected trends resulting from Blue Cross Blue Shield of Louisiana administering the HMO Plan. He stated that drug trends remain high at an overall 20 percent.

Our reports show that the health care costs for the PPO plan are lower for active employees than for retirees. When it comes to retirees with Medicare than the HMO health plan is higher than the PPO which is expected.

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 at 67.7 percent for the PPO plan and 70.1 percent for the HMO plan. The cost per prescription continues to rise. The average cost of generic prescription drugs is approximately \$23 per script, compared to the average cost of brand-name prescription drugs which is approximately \$190 per script.

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. She reported that the State annual financial statements were submitted September 4, 2012. OGB had a \$521 million fund balance as of September 1, 2012. It reflected a \$17 million deficit for the year resulting in a \$428.8 million fund balance as of June 30, 2012. However the OGB

internal financial statements for the Fiscal Year are still in the process of being prepared. As of September 2012, the average age of enrollees is 67.1 for the PPO plan, 49.4 for the HMO plan and 46.9 for the Medical Home HMO plan. The average age of plan members in all OGB Medicare Advantage plans combined is 70.5. The average turnaround time for claim payments was 2-3 days for the PPO.

Ms. St Romain stated that October 1 is the beginning date for OGB Annual Enrollment and OGB Medicare Advantage Enrollment for the 2013 plan year. A list of annual enrollment meetings is being mailed to all retirees and e-mailed to agencies for dissemination to all employees. A list of Medicare Advantage enrollment meetings is being mailed to all eligible retirees.

Employees can choose from 4 standard health plans: 3 self-insured plans – the PPO and HMO health plans and the high-deductible health plan with a health savings account option (HDHP-HSA) – administered by Blue Cross and Blue Shield of Louisiana, and the medical home HMO plan, fully insured by Vantage Health Plan.

Additionally retirees also can choose from these standard plans, with the exception of the HDHP-HSA. Retirees who have Medicare Part A and Part B coverage have additional options: a Medicare Advantage HMO plan fully-insured by Peoples Health and 2 Medicare Advantage HMO plan fully-insured by Vantage. For the first time, OGB also is partnering with Extend Health, which offers over 80 individual fully-insured Medicare Advantage and Medicare supplement plans.

OLD BUSINESS

Ms. St. Romain reported that progress continues on the OGB weight loss program being conducted at Pennington Biomedical Research Center. About 88 bariatric surgeries have been done so far and others will be performed soon. Over 200 members already are participating in the intensive medical management component of the program.

Ms. St. Romain noted that OGB had awarded a contract to Blue Cross to administer the self-insured PPO and HMO plans. She said OGB is working on plans for the agency's reorganization, which are expected to be final by September 30. Blue Cross will interview OGB employees to fill approximately 60 positions.

Tommy Benoit, OGB general counsel told the board UnitedHealthcare had filed an appeal regarding OGB's contract decision with Commissioner of Administration Paul Rainwater and OGB filed a brief on September 4 in

response. If Humana disagrees with the commissioner's ruling, he said, the next step in the appeal process would be judicial review of that administrative decision by the 19th Judicial District Court. Ms. DeWitt requested that OGB forward the commissioner's ruling to board members when it is issued

Dr. Broussard inquired about the status of a class action lawsuit alleging OGB unwittingly overcharged PPO plan members who had medical procedures performed at outpatient surgery centers. Mr. Benoit explained that OGB's provider reimbursement schedule is based on the Medicare reimbursement schedule. However, Medicare applies certain adjustments, one of which is an adjustment based on the place of service and which is not included in OGB's provider reimbursement schedule. He said the suit stems from the plaintiffs' contention that OGB's claims payment system erroneously failed to apply that adjustment, but this was actually a deliberate OGB business decision. Mr. Benoit said a voluntary delay remains in place as informal discussions with the plaintiffs' attorneys continue, with judicial proceedings to move forward if OGB and the plaintiffs cannot come to agreement by September 30.

NEW BUSINESS

Mr. Krefft asked how OGB handled claims for members in the areas affected by the hurricane Isaac. Ms. St. Romain stated that OGB has a policy in place which it implements when these types of conditions occur.

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