

MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

April 2, 2003

CALL TO ORDER

Mr. Aubrey Temple, chairman, called the meeting of the Policy and Planning Board to order.

ROLL CALL

Members Present

Dr. Merlin Broussard
Ms. Pam Bollinger**
Dr. James Calvin
Mr. Charles Castaing
Dr. Barbara Cicardo*
Mr. Russell Culotta
Mr. Charles Lazare
Mr. James LeBlanc
Mr. James Lee
Mr. Hubert Lincecum
Mr. William Quinlan
Mr. Jackie Self
Mr. Aubrey Temple

Members Absent

Representative Tank Powell
Mr. John Warner Smith
Senator Tom Schedler

Roll call indicated 12 board members present, representing a quorum.

*Dr. Cicardo arrived after roll call.

**Designee of the Commissioner of Insurance.

APPROVAL OF MINUTES OF FEBRUARY 26, 2003 BOARD MEETING

The minutes of the February 26, 2003, board meeting were presented for approval.

A motion was made by Mr. Lincecum, seconded by Mr. Self, to accept the minutes as presented. There being no objection, the minutes were approved.

PREMIUM RATES

Mr. Wall reported that annual enrollment began on April 1, 2003. Mr. Wall presented the OGB March newsletter which was mailed to all plan members. The newsletter provided a summary of the plan offerings and a list of all scheduled annual enrollment meetings. Approximately 340 meetings have been scheduled throughout the state. In addition to the meetings there are two video presentations on the web site for plan members to access. One is a standard annual enrollment presentation for plan members who can not attend a meeting. The second video is a frequently asked questions presentation which gives information on the plans available this year. Mr. Wall also presented for informational purposes the OGB Helpful Information Plan Book and the Flexible Benefits Summary Guide.

Mr. Culotta asked why the board is receiving the rates at such a late date. Mr. Wall explained that the program needs as much experience as possible so that the most accurate assessment can be made. Mr. Wall stated that the rates were sent to the Division of Administration for review in budget process, and the Division of Administration approved the rates on Friday, March 28, 2003.

Mr. Wall stated that according to La. R.S. 42:803, Section 7, the OGB is directed to establish premiums under the direction of the Commissioner of Administration, and in consultation with actuaries for life, health, and other benefits programs.

Mr. Steve Eschbach provided the board with a report concerning the information regarding the rate structure as follows:

Actuary's Presentation to the Board April 2, 2003

The FY 03-04 program represents a major program improvement and most employees / retirees should be happy with the new program.

I predict at least two thirds of active employees (almost 60,000) will find the program changes to be very favorable. Almost 30% of retirees (almost 11,000) will find the program changes to be very favorable. 60% of the retirees will find the new program tolerable (over 22,000), and the remaining actives (30,000) and retirees (5,000) will either accept the changes or find an alternative option to better meet their needs.

You may wonder who the "losers" are?

For actives it is generally two classes of participants: you are either one of 20,000 EPO employees, employees and spouse, or employees and family who enjoy the richest benefits offered by the state, which is destined to become even better with the BCBS network. Or, you are one of 8,000 employees who have elected PPO

coverage for yourself and your spouse. All other active employees will have excellent benefits at reduced cost.

Retirees, in this environment of 23% annual increases in prescription drugs, can also look forward to an improved program. The retiree “losers” will be any of the 5,000 retirees choosing to remain in the EPO. If you are a retiree electing coverage in the PPO you will see a 19% increase in your cost – less than \$25 per month for over 17,000 retirees. If you are electing one on Medicare coverage and cover your spouse or family under the PPO, your costs will be more (about 2,000 retirees).

Overall, over 107,000 employees or retirees (85%) of the 126,000, will see either a reduction in costs or at most a \$25 per month increase to keep their current program.

Every employee / retiree will have an alternative to reduce his or her monthly premium cost.

The program enhancements are many – Most significantly, all Louisiana residents will have access to each type of option – EPO, MCO, HMO. All have had access to the PPO.

With respect to option enhancements:

The EPO will have a new administrator – BCBSLA. BCBSLA has a strong network in all regions of the state, thereby providing access to employees and retirees in regions where the previous EPO option may not have been strong.

The HMO option, through Ochsner Health Plan, has been expanded to Regions 4, 5, and 7. Vantage coverage will remain the same in region 9.

A new MCO option will be available. The Managed Care Option, administered by FARA BestCare, is a low cost option that will provide access to quality medical care at a substantially reduced cost. The option has a low premium because it will have reduced benefits. It does not provide expensive out-of-network services. It further reduces expected expenses by covering only prescription drugs that are on the AdvancePCS formulary. This option may not be right for everyone, but it is a real benefit to thrifty employees and employees who otherwise could not afford the premiums of the other options.

The PPO remains a viable option for employees wanting a solid benefit plan. It will continue to be administered by OGB.

With respect to contributions, employees and retirees will see major changes, most for the better.

The most significant change is to the state contribution. It is in the last year of the phase in and increases from 65% of the single employee cost for the PPO to 75%.

Other important changes have occurred in the employee plus dependent categories. Employee plus child or children is generally seeing a reduction.

Employee plus either spouse or family is seeing an increase. I have addressed the changes above.

How did we get to these rates?

Our projections for the cost of healthcare in FY 02-03 are about \$800 million. This is expected to produce a healthcare surplus at the end of the year of a little less than \$6 million. This is after we consider the extension of the deductible period, thereby aligning the deductible year with the plan year (deductibles in July).

We assumed the annual increases in medical costs will be 10% and prescription drugs will be 23%. We allowed for a benefit reduction in prescription drug coverage (based on per script coinsurance increasing from \$40 to \$50, and the annual out of pocket maximum increasing from \$1,000 to \$1,200). We allowed for OGB administration costs and the increased administration expense for BCBSLA and FARA BestCare.

These and other minor adjustments lead to a projection of healthcare and administrative expenses of about \$900 million (excluding life insurance). This is an increase of about 100 million (about 12.4% over the expected \$800 million for FY 02-03.

These projections have been allocated between the state and employees. The state contribution will increase 17.3% while employees and retirees in the aggregate will only see a 3.1% increase. As we mentioned above the increase is not the same for everyone.

PPO costs in the aggregate are projected to increase at 17.9%. EPO costs in the aggregate are expected to increase 25%. The average HMO increase is 3.9%.

We have made some sweeping changes to create statewide PPO, EPO, and MCO options and rating. Employees and retirees throughout the state will have the same options with the same pricing structure. Some differences show with the HMO pricing structures. They continue to offer nine "local" rating structures, not a statewide rating structure. This creates apparent pricing discrepancies.

We changed the relationship among the rating tiers to better allocate the costs among the membership. We have conducted an analysis of experience for the fiscal year beginning July 2001. In this analysis, we compared collected premiums to our assessment of expected claims and allocated administration costs. The comparisons were done by class, option, and coverage tier. The results indicated nine comparisons with expenses exceeding the premium revenue: seven of the nine were retirees, two were actives. The two active groups were employee and spouse for the PPO and EPO. The active, employee and spouse, PPO expenses are expected to be 136% of their premium. This is why we have increased active employee and spouse rates more than other categories.

With respect to the retirees, there was a similar theme for retirees and spouse coverage with this category representing three of the seven categories. Three more were for single retirees, and the last category was for retirees and family. The retiree only expenses exceeded the premiums by seven and thirteen percent for the PPO and EPO respectively. Retiree rate increases were larger in these categories.

The following table documents our assumptions as to the enrollment after the new program takes effect, July 1, 2003.

OGB Membership by Option		
	Expected July 03	Dec-02
PPO	60,504	65,275
EPO	29,534	30,912
MCO	9,047	-
HMO	26,829	29,727
Total	125,914	125,914

OFFICE OF GROUP BENEFITS
 SCHEDULE OF PROJECTED RATES
 JULY 1, 2003

	STATEWIDE PPO RATES JULY 1, 2003			STATEWIDE EPO RATES-BCBS JULY 1, 2003			STATEWIDE MCO RATES-FARA JULY 1, 2003			REGION 1 - HMO OHP - NEW ORLEANS JULY 1, 2003			REGION 2 - HMO OHP - HOUMA/THIB JULY 1, 2003			REGION 3 - HMO OHP - HAMMOND JULY 1, 2003		
	STATE	EMP	TOTAL	STATE	EMP	TOTAL	STATE	EMP	TOTAL	STATE	EMP	TOTAL	STATE	EMP	TOTAL	STATE	EMP	TOTAL
	SHARE	SHARE		SHARE	SHARE		SHARE	SHARE		SHARE	SHARE		SHARE	SHARE		SHARE	SHARE	
<u>ACTIVE</u>																		
SINGLE	291.06	97.02	388.08	291.06	164.94	456.00	212.50	70.82	283.32	241.56	80.52	322.08	241.56	80.52	322.08	280.60	93.52	374.12
WITH SPOUSE	461.54	267.50	729.04	461.54	395.06	856.60	336.94	195.26	532.20	376.44	215.40	591.84	376.44	215.40	591.84	429.40	242.32	671.72
WITH CHILDREN	337.74	143.70	481.44	337.74	227.98	565.72	246.58	104.90	351.48	278.50	117.46	395.96	278.50	117.46	395.96	323.82	136.74	460.56
FAMILY	492.86	298.82	791.68	492.86	437.34	930.20	359.80	218.12	577.92	401.22	240.18	641.40	401.22	240.18	641.40	467.36	280.28	747.64
<u>RETIRED NO MEDICARE & RE-EMPLOYED RETIREE</u>																		
SINGLE	631.22	97.02	728.24	631.22	224.46	855.68	460.80	70.82	531.62	548.38	80.52	628.90	548.38	80.52	628.90	631.22	101.78	733.00
WITH SPOUSE	1,249.36	267.50	1,516.86	1,249.36	532.94	1,782.30	912.04	195.26	1,107.30	1,078.30	215.40	1,293.70	1,078.30	215.40	1,293.70	1,249.36	261.18	1,510.54
WITH CHILDREN	675.04	143.70	818.74	675.04	286.98	962.02	492.78	104.90	597.68	587.74	117.46	705.20	587.74	117.46	705.20	675.04	147.20	822.24
FAMILY	1,220.62	298.82	1,519.44	1,220.62	564.72	1,785.34	891.08	218.12	1,109.20	1,055.70	240.18	1,295.88	1,055.70	240.18	1,295.88	1,220.62	292.48	1,513.10
<u>RETIRED WITH 1 MEDICARE</u>																		
SINGLE	182.72	60.90	243.62	182.72	103.52	286.24	133.38	44.46	177.84	143.68	47.88	191.56	143.68	47.88	191.56	166.12	55.38	221.50
WITH SPOUSE	698.40	232.80	931.20	698.40	395.76	1,094.16	509.86	169.94	679.80	540.92	180.30	721.22	540.92	180.30	721.22	630.72	210.26	840.98
WITH CHILDREN	365.10	121.70	486.80	365.10	206.88	571.98	266.52	88.84	355.36	365.10	385.54	750.64	365.10	385.54	750.64	365.10	510.28	875.38
FAMILY	880.82	293.62	1,174.44	880.82	499.14	1,379.96	643.02	214.34	857.36	695.40	231.78	927.18	695.40	231.78	927.18	811.38	270.48	1,081.86
<u>RETIRED WITH 2 MEDICARE</u>																		
WITH SPOUSE	343.12	114.38	457.50	343.12	194.44	537.56	250.50	83.50	334.00	242.98	81.00	323.98	242.98	81.00	323.98	282.28	94.10	376.38
FAMILY	438.22	146.08	584.30	438.22	248.34	686.56	319.92	106.64	426.56	320.22	106.74	426.96	320.22	106.74	426.96	372.62	124.20	496.82
<u>COBRA</u>																		
SINGLE	0.00	395.84	395.84	0.00	465.12	465.12	0.00	289.00	289.00	0.00	328.52	328.52	0.00	328.52	328.52	0.00	381.60	381.60
WITH SPOUSE	0.00	743.62	743.62	0.00	873.72	873.72	0.00	542.84	542.84	0.00	603.68	603.68	0.00	603.68	603.68	0.00	685.14	685.14
WITH CHILDREN	0.00	491.06	491.06	0.00	577.02	577.02	0.00	358.50	358.50	0.00	403.88	403.88	0.00	403.88	403.88	0.00	469.76	469.76
FAMILY	0.00	807.50	807.50	0.00	948.80	948.80	0.00	589.48	589.48	0.00	654.22	654.22	0.00	654.22	654.22	0.00	762.58	762.58
<u>PART-TIME COBRA</u>																		
SINGLE	291.06	104.78	395.84	291.06	174.06	465.12	212.50	76.50	289.00	241.56	86.96	328.52	241.56	86.96	328.52	280.60	101.00	381.60
WITH SPOUSE	461.54	282.08	743.62	461.54	412.18	873.72	336.94	205.90	542.84	376.44	227.24	603.68	376.44	227.24	603.68	427.90	257.24	685.14
WITH CHILDREN	337.74	153.32	491.06	337.74	239.28	577.02	246.58	111.92	358.50	278.50	125.38	403.88	278.50	125.38	403.88	323.82	145.94	469.76
FAMILY	492.86	314.64	807.50	492.86	455.94	948.80	359.80	229.68	589.48	401.22	253.00	654.22	401.22	253.00	654.22	467.36	295.22	762.58
<u>DISABILITY COBRA</u>																		
SINGLE	0.00	582.12	582.12	0.00	684.00	684.00	0.00	424.98	424.98	0.00	483.12	483.12	0.00	483.12	483.12	0.00	561.18	561.18
WITH SPOUSE	0.00	1,093.56	1,093.56	0.00	1,284.90	1,284.90	0.00	798.30	798.30	0.00	887.76	887.76	0.00	887.76	887.76	0.00	1,007.58	1,007.58
WITH CHILDREN	0.00	722.16	722.16	0.00	848.58	848.58	0.00	527.22	527.22	0.00	593.94	593.94	0.00	593.94	593.94	0.00	690.84	690.84
FAMILY	0.00	1,187.52	1,187.52	0.00	1,395.30	1,395.30	0.00	866.88	866.88	0.00	962.10	962.10	0.00	962.10	962.10	0.00	1,121.46	1,121.46

NOTE: 1) The breakdown between State Share and Employee Share may not be accurate for certain School Board employees due to local funding affecting contributions. Total premium columns are correct for all agencies.
 2) All members that retire on or after July 1, 1997 must have Medicare-Parts A and B in order to qualify for the reduced premium rates.
 3) HMO rates include \$15 Administration Fee.

	REGION 4 - HMO OHP - LAFAYETTE JULY 1, 2003			REGION 5 - HMO OHP - LAKE CHARLES JULY 1, 2003			REGION 6 - HMO OHP - BATON ROUGE JULY 1, 2003			REGION 7 - HMO OHP - ALEXANDRIA JULY 1, 2003			REGION 8 - HMO OHP - SHREVEPORT JULY 1, 2003			REGION 9 - HMO VANTAGE-MONROE JULY 1, 2003		
	STATE SHARE	EMP SHARE	TOTAL	STATE SHARE	EMP SHARE	TOTAL	STATE SHARE	EMP SHARE	TOTAL	STATE SHARE	EMP SHARE	TOTAL	STATE SHARE	EMP SHARE	TOTAL	STATE SHARE	EMP SHARE	TOTAL
<u>ACTIVE</u>																		
SINGLE	291.06	109.58	400.64	245.28	81.76	327.04	232.96	77.64	310.60	247.38	82.46	329.84	258.10	86.02	344.12	291.06	100.26	391.32
WITH SPOUSE	460.46	278.98	739.44	382.34	218.82	601.16	362.80	207.48	570.28	385.68	220.76	606.44	399.40	227.32	626.72	424.64	233.84	658.48
WITH CHILDREN	337.44	155.96	493.40	282.80	119.28	402.08	268.52	113.20	381.72	285.26	120.34	405.60	297.70	125.62	423.32	337.74	283.14	620.88
FAMILY	491.58	310.10	801.68	407.52	244.00	651.52	386.66	231.34	618.00	411.10	246.18	657.28	429.24	257.16	686.40	492.86	319.90	812.76
<u>RETIRED NO MEDICARE & RE-EMPLOYED RETIREE</u>																		
SINGLE	631.22	154.76	785.98	557.06	81.76	638.82	528.34	77.64	605.98	562.02	82.46	644.48	586.98	86.02	673.00	631.22	299.46	930.68
WITH SPOUSE	1249.36	371.52	1620.88	1095.54	218.82	1314.36	1038.46	207.48	1245.94	1105.36	220.76	1326.12	1158.24	227.32	1385.56	1249.36	523.94	1773.30
WITH CHILDREN	675.04	206.76	881.80	597.06	119.28	716.34	566.22	113.20	679.42	602.36	120.34	722.70	629.16	125.62	754.78	675.04	292.58	967.62
FAMILY	1220.62	403.00	1623.62	1072.58	244.00	1316.58	1016.72	231.34	1248.06	1082.20	246.18	1328.38	1130.74	257.16	1387.90	1220.62	472.88	1693.50
<u>RETIRED WITH 1 MEDICARE</u>																		
SINGLE	177.54	59.18	236.72	145.80	48.60	194.40	138.72	46.24	184.96	147.02	49.00	196.02	153.18	51.06	204.24	182.72	108.32	291.04
WITH SPOUSE	676.42	225.48	901.90	549.46	183.16	732.62	521.12	173.72	694.84	554.34	184.78	739.12	578.96	192.98	771.94	698.40	379.68	1078.08
WITH CHILDREN	365.10	573.76	938.86	365.10	397.42	762.52	365.10	358.06	723.16	365.10	404.18	769.28	365.10	438.38	803.48	365.10	311.38	676.48
FAMILY	870.44	290.14	1160.58	706.44	235.48	941.92	669.84	223.28	893.12	712.74	237.58	950.32	744.54	248.18	992.72	714.36	238.12	952.48
<u>RETIRED WITH 2 MEDICARE</u>																		
WITH SPOUSE	302.28	100.76	403.04	246.72	82.24	328.96	234.34	78.10	312.44	248.86	82.96	331.82	259.64	86.54	346.18	343.12	223.94	567.06
FAMILY	399.28	133.08	532.36	325.22	108.40	433.62	308.68	102.90	411.58	328.06	109.34	437.40	342.42	114.14	456.56	438.22	514.26	952.48
<u>COBRA</u>																		
SINGLE	0.00	408.64	408.64	0.00	333.58	333.58	0.00	316.80	316.80	0.00	336.44	336.44	0.00	351.00	351.00	0.00	399.14	399.14
WITH SPOUSE	0.00	754.22	754.22	0.00	613.18	613.18	0.00	581.68	581.68	0.00	618.56	618.56	0.00	639.24	639.24	0.00	671.64	671.64
WITH CHILDREN	0.00	503.26	503.26	0.00	410.12	410.12	0.00	389.34	389.34	0.00	413.70	413.70	0.00	431.78	431.78	0.00	633.30	633.30
FAMILY	0.00	817.68	817.68	0.00	664.56	664.56	0.00	630.36	630.36	0.00	670.42	670.42	0.00	700.12	700.12	0.00	829.02	829.02
<u>PART-TIME COBRA</u>																		
SINGLE	291.06	117.58	408.64	245.28	88.30	333.58	232.96	83.84	316.80	247.38	89.06	336.44	258.10	92.90	351.00	291.06	108.08	399.14
WITH SPOUSE	460.46	293.76	754.22	382.34	230.84	613.18	362.80	218.88	581.68	385.68	232.88	618.56	399.40	239.84	639.24	424.64	247.00	671.64
WITH CHILDREN	337.44	165.82	503.26	282.80	127.32	410.12	268.52	120.82	389.34	285.26	128.44	413.70	297.70	134.08	431.78	337.74	295.56	633.30
FAMILY	491.58	326.10	817.68	407.52	257.04	664.56	386.66	243.70	630.36	411.10	259.32	670.42	429.24	270.88	700.12	492.86	336.16	829.02
<u>DISABILITY COBRA</u>																		
SINGLE	0.00	600.96	600.96	0.00	490.56	490.56	0.00	465.90	465.90	0.00	494.76	494.76	0.00	516.18	516.18	0.00	586.98	586.98
WITH SPOUSE	0.00	1109.16	1109.16	0.00	901.74	901.74	0.00	855.42	855.42	0.00	909.66	909.66	0.00	940.08	940.08	0.00	987.72	987.72
WITH CHILDREN	0.00	740.10	740.10	0.00	603.12	603.12	0.00	572.58	572.58	0.00	608.40	608.40	0.00	634.98	634.98	0.00	931.32	931.32
FAMILY	0.00	1202.50	1202.50	0.00	977.28	977.28	0.00	927.00	927.00	0.00	985.92	985.92	0.00	1029.60	1029.60	0.00	1219.14	1219.14

NOTE: 1) The breakdown between State Share and Employee Share may not be accurate for certain School Board employees due to local funding affecting contributions. Total premium columns are correct for all agencies.

2) All members that retire on or after July 1, 1997 must have Medicare-Parts A and B in order to qualify for the reduced premium rates.

3) HMO rates include \$15 Administration Fee.

OFFICE OF GROUP BENEFITS
 SCHEDULE OF PROJECTED RATE DIFFERENCES FROM 2002
 JULY 1, 2003

	STATEWIDE PPO RATES JULY 1, 2003			STATEWIDE EPO RATES-BCBS JULY 1, 2003			STATEWIDE MCO RATES-FARA JULY 1, 2003			REGION 1 - HMO OHP - NEW ORLEANS JULY 1, 2003			REGION 2 - HMO OHP - HOUMA/THIB JULY 1, 2003			REGION 3 - HMO OHP - HAMMOND JULY 1, 2003		
	STATE SHARE	EMP SHARE	TOTAL	STATE SHARE	EMP SHARE	TOTAL	STATE SHARE	EMP SHARE	TOTAL	STATE SHARE	EMP SHARE	TOTAL	STATE SHARE	EMP SHARE	TOTAL	STATE SHARE	EMP SHARE	TOTAL
<u>ACTIVE</u>																		
SINGLE	62.42	-26.10	36.32	62.42	22.94	85.36	-16.14	-52.30	-68.44	45.64	-24.98	20.66	45.64	-24.98	20.66	51.96	-32	19.86
WITH SPOUSE	112.10	23.60	135.70	112.10	119.32	231.42	-12.50	-48.64	-61.14	32.68	-37.92	-5.24	32.68	-37.92	-5.24	79.96	-113.76	-33.80
WITH CHILDREN	6.14	-82.38	-76.24	6.14	-28.02	-21.88	-85.02	-121.18	-206.20	34.56	-36.04	-1.48	34.56	-36.04	-1.48	45.66	-38.38	7.28
FAMILY	75.12	-13.40	61.72	75.12	85.94	161.06	-57.94	-94.10	-152.04	50.66	-19.94	30.72	50.66	-19.94	30.72	62.52	-21.54	40.98
<u>RETIRED NO MEDICARE & RE-EMPLOYED RETIREE</u>																		
SINGLE	29.76	-26.10	3.66	36.04	82.46	118.50	-140.66	-52.30	-192.96	50.04	-24.98	25.06	50.04	-24.98	25.06	74.44	-23.84	50.60
WITH SPOUSE	257.72	23.60	281.32	268.06	257.20	525.26	-79.60	-48.64	-128.24	90.12	-37.92	52.20	90.12	-37.92	52.20	257.72	-154.70	103.02
WITH CHILDREN	-28.50	-82.38	-110.88	-28.50	44.72	16.22	-210.76	-121.18	-331.94	64.22	-36.04	28.18	64.22	-36.04	28.18	76.02	-27.92	48.10
FAMILY	24.44	-13.40	11.04	37.38	213.32	250.70	-305.10	-94.10	-399.20	72.22	-19.94	52.28	72.22	-19.94	52.28	123.08	-9.34	113.74
<u>RETIRED WITH 1 MEDICARE</u>																		
SINGLE	28.70	9.56	38.26	28.70	48.62	77.32	-20.64	-6.88	-27.52	5.42	1.80	7.22	5.42	1.80	7.22	12.10	-6.34	5.76
WITH SPOUSE	109.64	36.56	146.20	109.64	185.86	295.50	-78.90	-26.30	-105.20	21.64	7.20	28.84	21.64	7.20	28.84	42.40	14.16	56.56
WITH CHILDREN	57.32	19.12	76.44	57.32	97.16	154.48	-41.26	-13.74	-55.00	57.32	-27.28	30.04	57.32	-27.28	30.04	57.32	0.20	57.52
FAMILY	138.28	46.12	184.40	138.28	234.42	372.70	-99.52	-33.16	-132.68	27.94	9.30	37.24	27.94	9.30	37.24	68.84	-72.70	-3.86
<u>RETIRED WITH 2 MEDICARE</u>																		
WITH SPOUSE	53.88	17.96	71.84	53.88	91.32	145.20	-38.74	-12.92	-51.66	9.46	3.16	12.62	9.46	3.16	12.62	7.58	2.54	10.12
FAMILY	68.80	22.94	91.74	68.80	116.64	185.44	-49.50	-16.50	-66.00	12.62	4.20	16.82	12.62	4.20	16.82	35.02	11.68	46.70
<u>COBRA</u>																		
SINGLE	0.00	37.04	37.04	0.00	87.06	87.06	0.00	-69.80	-69.80	0.00	21.06	21.06	0.00	21.06	21.06	0.00	20.24	20.24
WITH SPOUSE	0.00	138.42	138.42	0.00	236.04	236.04	0.00	-62.36	-62.36	0.00	-5.34	-5.34	0.00	-5.34	-5.34	0.00	-34.48	-34.48
WITH CHILDREN	0.00	-77.78	-77.78	0.00	-22.34	-22.34	0.00	-210.34	-210.34	0.00	-1.52	-1.52	0.00	-1.52	-1.52	0.00	7.40	7.40
FAMILY	0.00	62.94	62.94	0.00	164.28	164.28	0.00	-155.08	-155.08	0.00	31.32	31.32	0.00	31.32	31.32	0.00	41.80	41.80
<u>PART-TIME COBRA</u>																		
SINGLE	62.42	-25.38	37.04	62.42	24.64	87.06	-16.14	-53.66	-69.80	45.64	-24.58	21.06	45.64	-24.58	21.06	51.96	-31.72	20.24
WITH SPOUSE	112.10	26.32	138.42	112.10	123.94	236.04	-12.50	-49.86	-62.36	32.68	-38.02	-5.34	32.68	-38.02	-5.34	78.46	-112.94	-34.48
WITH CHILDREN	6.14	-83.92	-77.78	6.14	-28.48	-22.34	-85.02	-125.32	-210.34	34.56	-36.08	-1.52	34.56	-36.08	-1.52	45.66	-38.26	7.40
FAMILY	75.12	-12.18	62.94	75.12	89.16	164.28	-57.94	-97.14	-155.08	50.66	-19.34	31.32	50.66	-19.34	31.32	62.52	-20.72	41.80
<u>DISABILITY COBRA</u>																		
SINGLE	0.00	54.48	54.48	0.00	128.02	128.02	0.00	-102.66	-102.66	0.00	30.98	30.98	0.00	30.98	30.98	0.00	29.78	29.78
WITH SPOUSE	0.00	203.54	203.54	0.00	347.12	347.12	0.00	-91.72	-91.72	0.00	-7.86	-7.86	0.00	-7.86	-7.86	0.00	-50.68	-50.68
WITH CHILDREN	0.00	-114.36	-114.36	0.00	-32.82	-32.82	0.00	-309.30	-309.30	0.00	-2.22	-2.22	0.00	-2.22	-2.22	0.00	10.92	10.92
FAMILY	0.00	92.58	92.58	0.00	241.60	241.60	0.00	-228.06	-228.06	0.00	46.06	46.06	0.00	46.06	46.06	0.00	61.48	61.48

NOTE: 1) The breakdown between State Share and Employee Share may not be accurate for certain School Board employees due to local funding affecting contributions. Total premium columns are correct for all agencies.
 2) All members that retire on or after July 1, 1997 must have Medicare-Parts A and B in order to qualify for the reduced premium rates.
 3) HMO rates include \$15 Administration Fee.

OFFICE OF GROUP BENEFITS
 SCHEDULE OF PROJECTED RATE DIFFERENCES FROM 2002
 JULY 1, 2003

	REGION 4 - HMO OHP - LAFAYETTE JULY 1, 2003			REGION 5 - HMO OHP - LAKE CHARLES JULY 1, 2003			REGION 6 - HMO OHP - BATON ROUGE JULY 1, 2003			REGION 7 - HMO OHP - ALEXANDRIA JULY 1, 2003			REGION 8 - HMO OHP - SHREVEPORT JULY 1, 2003			REGION 9 - HMO VANTAGE-MONROE JULY 1, 2003		
	STATE	EMP	TOTAL	STATE	EMP	TOTAL	STATE	EMP	TOTAL	STATE	EMP	TOTAL	STATE	EMP	TOTAL	STATE	EMP	TOTAL
	SHARE	SHARE	TOTAL	SHARE	SHARE	TOTAL	SHARE	SHARE	TOTAL	SHARE	SHARE	TOTAL	SHARE	SHARE	TOTAL	SHARE	SHARE	TOTAL
ACTIVE																		
SINGLE	62.42	-13.54	48.88	16.64	-41.36	-24.72	49.32	-21.24	28.08	18.74	-40.66	-21.92	48.18	-27.00	21.18	62.42	-58.28	4.14
WITH SPOUSE	111.02	35.08	146.10	32.90	-25.08	7.82	37.32	-33.22	4.10	36.24	-23.14	13.10	49.96	-54.04	-4.08	75.20	-179.76	-104.56
WITH CHILDREN	5.84	-70.12	-64.28	-48.80	-106.80	-155.60	31.36	-39.20	-7.84	-46.34	-105.74	-152.08	35.28	-39.90	-4.62	47.62	63.12	110.74
FAMILY	73.84	-2.12	71.72	-10.22	-68.22	-78.44	46.00	-24.54	21.46	-6.64	-66.04	-72.68	54.90	-20.26	34.64	75.12	-31.50	43.62
RETIRED NO MEDICARE & RE-EMPLOYED RETIREE																		
SINGLE	29.76	31.64	61.40	-44.40	-41.36	-85.76	34.34	-21.24	13.10	-39.44	-40.66	-80.10	60.38	-27.00	33.38	29.76	60.64	90.40
WITH SPOUSE	257.72	127.62	385.34	103.90	-25.08	78.82	74.08	-33.22	40.86	113.72	-23.14	90.58	166.60	-87.60	79.00	257.72	-84.16	173.56
WITH CHILDREN	-28.50	-19.32	-47.82	-106.48	-106.80	-213.28	51.84	-39.20	12.64	-101.18	-105.74	-206.92	-9.48	-39.90	-49.38	19.86	74.18	94.04
FAMILY	24.44	90.78	115.22	-123.60	-68.22	-191.82	42.96	-24.54	18.42	-113.98	-66.04	-180.02	85.02	-20.26	64.76	44.20	121.48	165.68
RETIRED WITH 1 MEDICARE																		
SINGLE	23.52	7.84	31.36	-8.22	-2.74	-10.96	7.20	2.40	9.60	-7.00	-2.34	-9.34	4.00	1.34	5.34	28.70	-1.44	27.26
WITH SPOUSE	87.66	29.24	116.90	-39.30	-13.08	-52.38	8.68	2.90	11.58	-34.42	-11.46	-45.88	16.04	5.34	21.38	109.64	-4.70	104.94
WITH CHILDREN	57.32	471.18	528.50	57.32	294.84	352.16	57.32	-43.90	13.42	57.32	301.60	358.92	57.32	-35.04	22.28	57.32	7.98	65.30
FAMILY	127.90	42.64	170.54	-36.10	-12.02	-48.12	-2.74	-0.92	-3.66	-29.80	-9.92	-39.72	20.72	6.90	27.62	69.40	23.14	92.54
RETIRED WITH 2 MEDICARE																		
WITH SPOUSE	13.04	4.34	17.38	-42.52	-14.18	-56.70	12.66	4.20	16.86	-40.38	-13.46	-53.84	7.02	2.34	9.36	53.88	0.62	54.50
FAMILY	29.86	9.94	39.80	-44.20	-14.74	-58.94	6.84	2.28	9.12	-41.36	-13.80	-55.16	9.36	3.12	12.48	68.80	23.74	92.54
COBRA																		
SINGLE	0.00	49.84	49.84	0.00	-25.22	-25.22	0.00	28.64	28.64	0.00	-22.36	-22.36	0.00	21.60	21.60	0.00	4.22	4.22
WITH SPOUSE	0.00	149.02	149.02	0.00	7.98	7.98	0.00	4.18	4.18	0.00	13.36	13.36	0.00	-4.18	-4.18	0.00	-106.66	-106.66
WITH CHILDREN	0.00	-65.58	-65.58	0.00	-158.72	-158.72	0.00	-8.00	-8.00	0.00	-155.14	-155.14	0.00	-4.72	-4.72	0.00	112.96	112.96
FAMILY	0.00	73.12	73.12	0.00	-80.00	-80.00	0.00	21.90	21.90	0.00	-74.14	-74.14	0.00	35.34	35.34	0.00	44.50	44.50
PART-TIME COBRA																		
SINGLE	62.42	-12.58	49.84	16.64	-41.86	-25.22	49.32	-20.68	28.64	18.74	-41.10	-22.36	48.18	-26.58	21.60	62.42	-58.20	4.22
WITH SPOUSE	111.02	38.00	149.02	32.90	-24.92	7.98	37.32	-33.14	4.18	36.24	-22.88	13.36	49.96	-54.14	-4.18	75.20	-181.86	-106.66
WITH CHILDREN	5.84	-71.42	-65.58	-48.80	-109.92	-158.72	31.36	-39.36	-8.00	-46.34	-108.80	-155.14	35.28	-40.00	-4.72	47.62	65.34	112.96
FAMILY	73.84	-0.72	73.12	-10.22	-69.78	-80.00	46.00	-24.10	21.90	-6.64	-67.50	-74.14	54.90	-19.56	35.34	75.12	-30.62	44.50
DISABILITY COBRA																		
SINGLE	0.00	73.32	73.32	0.00	-37.08	-37.08	0.00	42.12	42.12	0.00	-32.88	-32.88	0.00	31.78	31.78	0.00	6.20	6.20
WITH SPOUSE	0.00	219.14	219.14	0.00	11.72	11.72	0.00	6.14	6.14	0.00	19.64	19.64	0.00	-6.12	-6.12	0.00	-156.84	-156.84
WITH CHILDREN	0.00	-96.42	-96.42	0.00	-233.40	-233.40	0.00	-11.76	-11.76	0.00	-228.12	-228.12	0.00	-6.92	-6.92	0.00	166.12	166.12
FAMILY	0.00	107.56	107.56	0.00	-117.66	-117.66	0.00	32.20	32.20	0.00	-109.02	-109.02	0.00	51.98	51.98	0.00	65.44	65.44

NOTE: 1) The breakdown between State Share and Employee Share may not be accurate for certain School Board employees due to local funding affecting contributions. Total premium columns are correct for all agencies.
 2) All members that retire on or after July 1, 1997 must have Medicare-Parts A and B in order to qualify for the reduced premium rates.
 3) HMO rates include \$15 Administration Fee.

A motion was made by Mr. Culotta, seconded by Dr. Cicardo, that the Policy and Planning Board go on record as being opposed to any rate increases for the plan year 2003-2004.

Following discussion of the motion a roll call vote was taken with the following result:

<u>Yeas</u>	<u>Nays</u>
Mr. Culotta	Dr. Broussard
	Dr. Calvin
	Mr. Castaing
	Dr. Cicardo
	Mr. Lazare
	Mr. LeBlanc
	Mr. Lee
	Mr. Lincecum
	Mr. Quinlan
	Mr. Self
	Mr. Temple

With one (1) yea, and eleven (11) nays, the motion failed.

A motion was made by Mr. Lazare, seconded by Mr. Culotta, that the Policy and Planning Board go on record as opposing rate increases for employees or retirees.

Following discussion of the motion a roll call vote was taken with the following result:

<u>Yeas</u>	<u>Nays</u>	<u>Abstain</u>
Dr. Broussard	Dr. Calvin	
Dr. Cicardo	Mr. Castaing	
Mr. Culotta	Mr. LeBlanc	
Mr. Lazare	Mr. Lee	
	Mr. Lincecum	
	Mr. Quinlan	
	Mr. Self	
	Mr. Temple	

With four (4) yeas, and eight (8) nays, the motion failed.

Mr. Temple stated that the meeting for April 2003 for the Policy and Planning Board was scheduled early in the month and did not give the board members sufficient

time to review the rates. Mr. Temple stated that in the private sector it would be hard to find rates established this early. He stated that the board is aware that these rates will adversely affect some plan members. He personally does not think there is any intent from the Administration to get rid of any obligation or liabilities to any of the retirees on the health insurance program.

Mr. Culotta stated that he thinks the rates should have been made available sooner to the plan members and particularly to the board members so that they could review them. He stated that he believes the Administration has been holding the rates so that they could not be presented early and receive opposition.

Mr. Temple stated that he would entertain a motion that the chair would not call a meeting to discuss rates without a two week advance notice of the rates.

Mr. Wall stated that the premium rates were finalized approximately two weeks ago and sent to the Division of Administration.

A motion was made by Mr. Culotta, seconded by Mr. Lincecum, that the chair not call a meeting of the Policy and Planning Board concerning any rate increases or anything having to do with rates unless the rates have been provide at least two weeks prior for Board members to review .

Following discussion of the motion a roll call vote was taken with the following result:

<u>Yeas</u>	<u>Nays</u>	<u>Abstain</u>
Dr. Broussard	Mr. Lee	Mr. Castaing
Dr. Calvin		Mr. Lazare
Dr. Cicardo		
Mr. Culotta		
Mr. LeBlanc		
Mr. Lincecum		
Mr. Quinlan		
Mr. Self		
Mr. Temple		

With eight (8) yeas, one (1) nay, and two (2) abstentions, the motion passed.

AdvancePCS

Mr. Wall reported that OGB has spent \$91,521,193.36 on prescription drugs since July 1, 2002, and projections are that the program will spend an additional \$35

million more for the plan year, totaling approximately \$126 million. Last year the program spent approximately \$102 million.

A prescription benefit modification will be made this year which will increase the co-insurance from \$40 to \$50 dollars per prescription and the out of pocket limit from \$1,000 to \$1,200.

Ms. Beth Paul, Clinical Pharmacist Manager, AdvancePCS, provided the board with a report regarding drug utilization evaluation for OGB. The report included information on OGB's 2002 prescription utilization facts and figures for active and retirees, industry comparison, top 20 drugs in the plan, ranked by prescription and dollar amount, top 10 drug classes ranked by dollars spent, top 10 generic drugs ranked by amount paid, top 50 prescribers ranked by amount paid, and mail versus retail utilization.

CEO REPORT

Mr. Wall provided the report on *Where the Money Goes* for review. Mr. Wall reported that the program has a cash balance of \$19.5 million as of February 28, 2003.

The deferral of the deductible until 6/30/03 will cost the program because members will reach their 100% category where OGB pays the total cost. The program is still projected to have a surplus of approximately \$6 million at the end of this fiscal year.

OLD BUSINESS

Morbid Obesity

Mr. Wall reported that the program is currently evaluating the additional information that Rep. Powell had requested be included in the proposals at the last board meeting. If the information gathered does not impact the scoring then the program will proceed.

Disease Management

Mr. Wall reported that the RFP for disease management was being deferred. With the changes in program offerings and enrollment, the program could not obtain firm quotes at this time. This will be done again after the plan year begins with a target date of January 1, 2004. Cost cannot be projected at this time.

Mental Health and Substance Abuse

Mr. Wall reported that an NIC has been issued for mental health and substance abuse services. Magellan Behavioral Health is currently the program's provider and

they are in bankruptcy. Five responses have been received by the program and they are being evaluated.

Customer Service and Claims Processing

Mr. Wall reported that an ITB has been issued and responses have been received. The program is currently evaluating the responses.

Board Member Issues and Comments

Mr. Culotta stated that he had presented a letter to Mr. Wall concerning notifying the membership that the Policy and Planning Board did not vote in favor of increasing the members' costs for prescriptions and requesting that Mr. Wall have this put in the next OGB newsletter. Mr. Culotta had requested at the last Board meeting that something be put in the newsletter stating that the board was not in favor of any increase in the members' cost prescription drug benefits. Dr. Cicardo and Mr. Temple stated that they were in support of having something included in the newsletter indicating the board's recommendations. Mr. Wall stated that he would take Mr. Culotta's request under advisement.

Ms. Bollinger asked if Our Lake of the Lake has signed a contract with OGB. Mr. Wall stated that Our Lake of the Lake and Woman's Hospital have not signed contracts with OGB.

Mr. Lee asked if Our Lady of the Lake Hospital and Woman's Hospital were in any of the plan options for next year. Mr. Wall stated that Our Lady of the Lake Hospital was in the Blue Cross EPO, and the Woman's Hospital in all the plans except PPO.

NEW BUSINESS

There was no new business.

PUBLIC COMMENTS

Ms. Kathleen Miller addressed the board regarding the EPO plan, and the law setting the state's participation rate of 75% of the single employee PPO rate. Mr. Wall stated that the law states that the plan shall set rates in consultation with the Commissioner under actuarial guidance. Limiting it to 75% of the single active PPO rate was recommended by the State Group Benefits Employees Study Commission. Rates are set by the actuary in accordance with that guidance.

Mr. Temple stated that the questions that Ms. Miller presented to the Board were valid and that the Human Resources offices of the agencies should be able to communicate these questions and answers to their employees. Mr. Wall stated that

the program conducted HR training in Baton Rouge, Alexandria, and Monroe and between 600 and 800 agency personnel attended this training.

Mr. Richard Burtt advised the board of his retirement from the OGB and thanked the board for the support and assistance they provided to the legal section of OGB.

A motion was made by Mr. Lincecum, seconded by Mr. Culotta, to issue a resolution commending Mr. Richard Burtt for his 19 years of service with OGB and wishing him well. This was approved by acclamation.

Mr. Temple stated that the next board meeting will be on May 28, 2003.

ADJOURN

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