

MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

February 18, 2004

CALL TO ORDER

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

ROLL CALL

Members Present

Dr. Merline Broussard
Dr. James Calvin
Dr. Barbara Cicardo
Mr. Russell Culotta
Mr. William Quinlan
Mr. Jim Donleon
Mr. Aubrey Temple

Members Absent

Mr. Charles Castaing
Mr. Charles Lazare
Mr. James LeBlanc
Mr. James Lee
Mr. Hubert Lincecum
Representative Tank Powell
Mr. John Warner Smith
Senator Tom Schedler
Mr. Jackie Self

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

Mr. Temple stated that due to a lack of a quorum that no action would be taken at this meeting. This meeting would be for informational purposes.

APPROVAL OF MINUTES OF JANUARY 7, 2004 BOARD MEETING

No action was taken on the approval of the minutes of the January 7, 2004 Board meeting.

POLICY AND PLANNING BOARD ELECTIONS PRESENTATION

Mr. Wall reported that there are three elections for the Policy and Planning Board seats this year. The seats up for election are the Department of Corrections and Public Safety, Retired State Employees, and All Other Personnel of State Government State Employees Group Benefits Programs. In the past the elections have been handled internally but this year the Program has contracted with the firm that handles the LASERS' election process. LASERS has a good process and this firm specializes in these types of elections. It has worked well in the past and provides opportunity that the Program can not provide.

Ms. Sharon Runyan, Communications Director, provided the Board with information regarding upcoming Board elections. Ms. Runyan stated that the firm Voice Retrieval and Information Services will handle the elections for OGB. The company has been in business since 1984. Plan members will have better access to voting. In addition to the paper ballot voting, they will be able to vote via telephone or via the internet. All of the options are completely secure. Plan members will be given a secure individualized number which will eliminate the ability to vote more than once. There will also be an audit of the election Ms. Runyan stated that the contract with Voice Retrieval and Information Services is less than \$50,000. There will be approximately 40,000 plan members involved in voting for these three seats.

Mr. Runyan stated that a call for nominations will be sent out to the agencies to distribute in March and ballots will be sent out in May. The only restriction is that the elections have to be completed in time for the member to be seated at the July 2004 board meeting.

ACCREDITATION INITIATIVES

Mr. Wall discussed with the Board the progress made regarding new system updates and internal changes. He stated that internal reporting indicates that the Program is paying more than 99% of the claims within 30 days. The Program is in the process of having an outside firm confirm that the Program is paying timely and, as well, checking the accuracy of the claim payments.

The Program has undertaken a complete review of its procedures over the past couple of years and has made significant progress. Mr. Wall presented information regarding URAC, a national accrediting body. They accredit different operations within managed care systems and insurers. Over the next 18 to 24 months the Program will be pursuing URAC accreditation in the following areas:

- Claims Processing System

- Health Plan Accreditation Program Overview
- PPO Functions
- Website
- HIPAA Privacy
- HIPAA Security

Dr. Cicardo asked what advantages this gives OGB to be accredited. Mr. Donelon stated that this will give the legislature the knowledge that OGB is working within national industry standards. Mr. Wall stated that the cost should be less than \$25,000.

NEW POLICY DESIGN

Mr. Wall reported that even though the program has not started annual enrollment for 2004-2005 plan year that it is not too early to start 2005-2006 plan year benefit modification discussions because everything has to be finalized by November 2004. There are new opportunities available with the enactment of the new Medicare law.

There is a provision in the Medicare law that authorizes Health Care Savings Accounts (HSA). The program will be looking to offer a product that involves a Health Care Savings Accounts. Following are the types of medical spending accounts that have been available:

FSA – Flexible Spending Accounts – The Program offers this currently in its cafeteria plan. This allows pre-tax employee contributions to a fund that members can use for non-covered medical expenses. The problem with FSAs is that funds not spent can not roll over to the next year.

MSA – Medical Savings Accounts – Primarily directed to the self-insured employer and small employers. Not applicable to our program.

HRA – Health Reimbursement Accounts – These accounts are used extensively used with consumer driven health plan models, like the Definity plan. The difference between a HRA and FSA is that an HRA is employer funded. These accounts can roll forward to the next year. The employee owns this account.

Now, a new medical spending account can be provided:

HSA – Health Care Savings Accounts - It permits employer and employee contributions, and it rolls forward to the next year. It can be invested like a 401K and the employee owns it and can take it with them. Funds can be built up in these accounts for future medical expenses. The requirement in the law is that for individual policies

there must be a \$1,000 in order to permit an HSA, and for family there must be a \$2,000 deductible.

The program will be presenting an HSA offering in the near future for plan members. Also, the IRS has issued guidelines which allows debit cards to be used in conjunction with these accounts.

Mr. Quinlan stated that these types of plans were designed to get the consumer involved in health care decisions.

CEO REPORTS

Mr. Wall presented for informational purposes the report, "Where the Money Goes," which gives an overview of claims and cost.

Mr. Wall stated that the Program is projecting a small surplus this year. The drug expenditures at the end June 2003 were approximately \$6 to \$7 million every two weeks, currently drug expenditures are running approximately \$5 million every two weeks. Drug expenses are down and are holding OGB expenses down. The MCO performance is doing well. Mr. Wall stated that on an aggregate basis, the projected rate increase is 15% or less for 2004-2005 plan year. Mr. Wall stated that Ochsner has notified the program that their premium increase will be 15%.

Mr. Eschbach stated that the surplus will increase approximately \$10 million dollars from last year. The projected rate increase for 2004-2005 plan year will be 15% or less in the aggregate. This means that one individual may see 20% to 30% increase but other individuals will see a 5% to 10% premium rate increase. Mr. Culotta asked what expenditures cost the program the most. Mr. Eschbach stated that utilization and costs are factors in determining the 15% premium rate increase. Mr. Eschbach stated that preliminary rate recommendations will be available in the next few weeks.

Mr. Wall stated that the trend last year of plan selection affected the overall budget of the Program. Last year it was projected that the Program would need a budget of \$920 million but due to the plan selection trend the Program will have only have a 7% increase.

OLD BUSINESS

Agency Liaison

Mr. Wall discussed the communication challenges that the Program faces to coordinate with over 350 agencies to touch plan members. OGB has adopted a rule that is in effect and requires each agency to designate an OGB Liaison to work with the Program to help enhance our communication with plan

members. The staff is drafting a manual to provide to the liaisons for each agency as well as having special meetings with these individuals. They will be our primary contact with each agency. The program will target agencies through the Liaison to help develop a body of knowledge at each individual agency concerning OGB and to give that agency a point of contact with one of the program's customer representatives. They will work hand in hand with one of our customer service representatives to better facilitate communications with our agency and plan members.

Mr. Temple stated that the communications that he has had with the Governor's office is that one of the concerns expressed is that we need to do a good job of communicating with the various agencies and that there is some concern that there is not enough information communicated. The Program needs to make sure that it is doing all that it can to communicate with all the participating agencies to make sure any changes affecting plan members is communicated to them.

Mr. Culotta asked the status of the funding for the OGB Study Commission. Mr. Wall and Mr. Temple stated that it was deferred. Mr. Wall stated that currently the administration is discussing the upcoming Health Care Summit and it would be deferred until after that. Mr. Temple asked the status of the Health Care Summit. Mr. Wall stated that it would be in early March and that regional meetings are taking place around the state now.

Dr. Broussard asked the status of United Health Care paying their portion of the medical bills of an individual who has Medicare primary and United Health Care secondary. Mr. Wall stated that the staff has met with United Health Care representatives and the problem has been corrected and they are doing remediation now on the problems that were outstanding. Dr. Broussard asked if United Health Care provided a timeline to have all the claims corrected. Mr. Wall stated that they have not provided staff with the completion date, but that if anyone is still having a problem with this issue than OGB needs to be contacted.

Dr. Cicardo stated that plan members are being told by major drugstores that members can not get a 3 month supply for 3 copays for prescription drugs. Dr. Cicardo requested that a representative from AdvancePCS speak with her after the meeting to discuss this issue.

NEW BUSINESS

Mr. Wall stated for informational purposes that it is time to renew the Program's pharmaceutical benefits manager. The current contractor is AdvancePCS. The program sent out a request for proposals and received quotes, and is in the process of evaluating them. A selection will be made in

the next couple of months for a new 3 year PBM contract beginning July 1, 2004.

Mr. Wall explained that in the next plan year that social security numbers will no longer be printed on insurance cards. Plan members will receive a card telling them to file the claim under the social security number of the enrolled member. If it is a spouse or dependent they will need the social security number of the enrolled member.

PUBLIC COMMENTS

No comments were given.

ADJOURN

There being no further business to discuss, the meeting was adjourned.

Mr. Aubrey Temple, Chairman