

MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

January 7, 2004

CALL TO ORDER

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

ROLL CALL

Members Present

Dr. James Calvin
Mr. Russell Culotta
Mr. Jim Donleon*
Mr. Charles Lazare*
Mr. James LeBlanc
Mr. James Lee
Mr. Hubert Lincecum
Representative Tank Powell
Mr. William Quinlan
Mr. Jackie Self
Mr. Aubrey Temple

Members Absent

Dr. Merline Broussard
Mr. Charles Castaing
Dr. Barbara Cicardo
Mr. John Warner Smith
Senator Tom Schedler

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

*Mr. Donelon and Mr. Lazare arrived after roll call.

APPROVAL OF MINUTES OF DECEMBER 3, 2003 BOARD MEETING

The minutes of the December 3, 2003 Board meeting were presented for approval.

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

FY 2004-05 PLAN OF BENEFITS

Mr. Wall reviewed with the Board the following Report to the House Appropriations Committee and the Senate Finance Committee.

Report to the

House Appropriations Committee and the Senate Finance Committee

From the Office of Group Benefits Policy and Planning Board

on the Fiscal Year 2004-05 Plan of Benefits

Pursuant to LSA-R.S. 42:881 the Office of Group Benefits (OGB) Policy and Planning Board (the "Board") is charged with the responsibility of submitting an annual report to the appropriate legislative oversight committees concerning the plan of benefits proposed by OGB. This report is submitted as specified by statute.

The Benefits Committee of the Board met on July 9, July 23, August 3 and September 3 to receive and review modification recommendations. The OGB administration advised the Board of proposed modifications to the plan of benefits for Fiscal Year 2004-05, and sought comments and suggestions. The Board met on October 8, 2003, to review the recommendations of the Benefits Committee.

The Board understands that health care rates in Louisiana and across the country continue to increase at double-digit rates for the foreseeable future. Accordingly, OGB and other employers face a significant challenge in maintaining viable benefit programs at affordable cost.

Options considered by the Board and pertinent comments are provided below.

Wild Card Option

The Board accepted the recommendation to discontinue the wild card option for the 2004-05 plan year. The vast majority of health care plans offer no wild card option, due to financial instabilities and adverse selection. Discontinuing the wild card option is contingent upon no disruptions occurring during the annual enrollment period next year.

MCO Lifetime Maximum

The Board agrees with the recommendation to institute a \$1 million lifetime maximum for the MCO (managed care option). This will bring the MCO in line with OGB's other health plans and will help guard against additional losses.

The Board approved one recommendation that was later rescinded.

Dependent Eligibility

The Board agrees with the recommendation to allow dependent children to participate until age 25, without restriction. Verifying student status has always been a challenge for plan members and staff. Also, dependents in this age category are often healthy.

However, further actuarial study determined implementation of this change would result in negative cost implications. Accordingly, this recommendation is rescinded.

The Board adopted an additional recommendation. This recommendation and pertinent comments are provided below.

OGB Study Commission

Following a suggestion from the Benefits Committee, the Board recommends that an OGB Study Commission be formed of the OGB Policy and Planning Board members to study new and innovative ways to deliver health care to state employees and other governmental agencies and entities, with a request for a budget of \$150,000 for the study commission.

The Board noted that it would need to organize the commission, identify the issues to discuss, and estimate the length of time the commission will need to conduct its business.

Finally, the Board -- through its Benefits Committee -- reviewed various expenses of the program, including:

- Reduction in administrative expenses by cutting employees
- Contracts with vendors
- Use of the \$86 million reserve to offset any rate increase
- Appeal to the Administration to dedicate the \$20 million discretionary fund to help fund health care insurance protection for state employees and retirees
- A request from Jefferson Parish School Board to offer a Medicare HMO to retirees
- A request from Jefferson Parish School Board to offer a high deductible catastrophic policy to pre-Medicare retirees

A motion was made by Mr. Lincecum, seconded by Mr. Culotta, to approve the report to the House Appropriations Committee and the Senate Finance Committee from the Office of Group Benefits Policy and Planning Board on the Fiscal Year 2004-05 Plan of Benefits. There being no objection, the report was approved.

CEO REPORTS

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

Mr. Wall discussed and reviewed the drug spending for comparable months in 2002 and 2003. He stated from all indications that the drug formulary for the MCO was helping to reduce costs on drug spending.

OLD BUSINESS

Dr. Calvin asked what the program was doing to help inform plan members of any discounted pharmacy programs available for prescription drugs to lower paid employees. Mr. Wall reported that the staff was reviewing this information and developing links on OGB's web site to help direct plan members to helpful web sites.

Mr. Culotta discussed the findings of the Legislative Auditor's Independent Report on the financial statements for OGB.

NEW BUSINESS

Mr. Wall reported on Humana Inc. acquiring Ochsner Health Plan of Louisiana. Mr. Wall stated that he was assured by the representatives of Ochsner that there would be no changes at this time, and that plan members will receive the same quality of health care that they are currently receiving. He stated that Humana will be meeting with OGB in the near future to discuss the change from Ochsner to Humana.

Mr. Donelon reported that the Department of Insurance would be reviewing Humana's acquisition of Ochsner Health Plan and if any member of the board or public had any concerns that he would certainly be available to discuss them.

Mr. Lazare stated that the wild card should remain an option for plan members due to the change to Humana from Ochsner.

Mr. Quinlan stated that he has dealt with Humana, Inc. in the past and has never encountered any problems with them.

Mr. Lee asked if OGB had any problems with providers who consistently submit claims with incorrect coding. Mr. Wall stated that OGB staff will review the rejected claims and see if any providers appear to be having coding problems. He stated that in the past OGB staff has help providers who were encountering a lot of rejected claims due to incorrect coding problems, but that he was not aware of any current problems.

Mr. Wall reported that OGB staff would be holding additional separate meetings for retirees before annual enrollment. Retirees will be welcome at any of the annual enrollment meetings, but that additional meetings have been scheduled so that specific information regarding retiree benefits can be discussed.

Mr. Culotta reminded the public that there was a public hearing scheduled tonight from 6:00 p.m. until 7:30 p.m. to discuss the benefit changes for the 2004-2005 plan year.

Mr. Temple stated that the next OGB Policy and Planning Board meeting would be on Wednesday, February 18, 2004.

PUBLIC COMMENTS

No comments were given.

ADJOURN

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

Mr. Aubrey Temple, Chairman