



State of Louisiana
 Office of Group Benefits
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MINUTES

**POLICY AND PLANNING BOARD MEETING
 OFFICE OF GROUP BENEFITS**

April 26, 2007

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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
- Mr. Russell Culotta
- Mr. Buford Huckleberry
- Mr. Scott Kipper*
- Mr. Charles Lazare
- Mr. Hubert Lincecum
- Rep. Tank Powell
- Mr. Rick Ramsey
- Mr. William Quinlan
- Mr. Jackie Self
- Mr. Aubrey Temple

Members Absent

- Mr. Mark Brown
- Sen. James David Cain**
- Mr. Jimmy LeBlanc
- Mr. James Lee
- Dr. Stan Mays

Roll call indicated 10 board members present, representing a quorum.

*Mr. Kipper arrived after roll call.

** Carla Roberts, staff attorney for the Senate Insurance Committee, attended in Senator Cain's absence.

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APPROVAL OF MINUTES OF THE JANUARY 12, 2007 BOARD MEETING

The minutes of the meeting of January 12, 2007, were presented for approval. Mr. Ramsey questioned the amount of the 2007-08 budget as stated in the final paragraph on page 5. Mr Teague noted that the decimal point between the "7" and the "2" should have been a comma, indicating the total amount of \$1,288,797,002.

A motion was made by Mr. Lincecum, seconded by Mr. Culotta, to accept the minutes as corrected. There being no objections, the minutes were approved as corrected.

REPORT ON LEGAL PROCEEDING

Mr. Teague reported to the Board regarding a lawsuit filed by FARA seeking injunctive relief. Originally a temporary restraining order prohibiting OGB from starting annual enrollment was issued. After the hearing, a requested preliminary injunction was denied, allowing OGB to proceed with annual enrollment meetings. Due to the delay, the annual enrollment period was extended until May 4, 2007.

OGB has been advised that FARA has filed an additional lawsuit seeking to overturn the decision of the Commissioner of Administration to deny FARA's protest on the award of the bids. OGB has not been served and is continuing with annual enrollment.

Mr. Rick Ramsey stated that he was subpoenaed by FARA, but was not required to give any statements, but he became educated on the role of the Board. This was a two phased lawsuit, the first phase was basically asking for a delay, the second one was the temporary restraining order (TRO) stated Mr. Ramsey. The TRO was granted by the judge and he was very adamant that our administration had not followed R.S. 42:881. Mr. Ramsey provided the board with a copy of R.S. 42:881 and read it to the Board.

Mr. Ramsey stated that an e-mail was sent to Board members on February 21, 2007, informing them that the MCO and the Vantage were being discontinued effective July 1, 2007. Mr. Ramsey believes that OGB was in violation of R.S. 42:881 because it did not seek any comments, opinions, input, and/or recommendations from the OGB Policy and Planning Board members. The Board did not have the opportunity to give input prior to it going into effect.

Mr. Ramsey also advised that he has had trouble getting a meeting called. He reported that he was advised that the meetings are called by the chairman. He would like to see monthly meetings, at least throughout the annual enrollment period and also quarterly meetings throughout the year. This would give the

Board the opportunity to get input from plan members, He stated he expects to be notified when a proposed change has been made and to have an opportunity to review the Legislative Oversight Committee reports.

REPORT ON OBESITY STUDY

Dr. McKnight reported to the Board regarding the obesity studies that OGB conducted in conjunction with with LSU and Pennington. The report included information on the pre-surgical and post-surgical costs for pharmacy, medical, and weight loss surgeries. It provided the average monthly cost for the 40 gastric bypass participants pre-surgery and post-surgery. The report did not indicate an overwhelming benefit in cost savings either way.

He also discussed the medical weight loss program that was being carried out by Pennington. This program was to enroll 250 participates in a rigid weight loss program in seven sites throughout the state. That program has been successful and all participants are at the end of their first year of the program. Forty percent of that group has achieved their weight loss goal (which was approximately 20 percent of their body weight) and they continue to do well.

Carla Roberts asked if any consideration was given to offering the lap band procedures. Dr. McKnight stated that the lap band procedures do have fewer complications, but also achieve less weight loss for the patient.

REPORT ON FLEXIBLE SPENDING ACCOUNT PLAN

Mr. Teague reported on the Flexible Spending Account plan administered by OGB. It was scheduled for rebidding with a new contract effective July 1, 2007. The contract was awarded to the current vendor, Data Path Inc. OGB decided to take advantage of federal regulations allowing a plan to extend the period for incurred expenses and claims filing for an additional 2½ months. This plan change will take effect in the plan year beginning July 1, 2007. The monthly administrative fee paid by the member will increase from \$2.50 to \$3.50.

RECOMMENDATION FOR DISEASE MANAGEMENT VENDOR

Mr. Teague stated that a Notice of Intent to Contract (NIC) was issued for a Disease Management Program administrator and OGB recommends that the award go to APS Healthcare, which is the current vendor. The current contract ends at the end of April and the new contract will not be effective until July 1, 2007. The most dramatic change will be that OGB will not pay the disease management vendor on the total population but only on the members who are actively engaged in the disease management program. OGB is also building

additional contractual terms and performance guarantees in the disease management program. We are expecting the disease management program to be more cost effective than it has been and it will be closely monitored.

A motion was made by Mr. Lincecum, seconded by Mr. Self to approve the recommendation to award the disease management contract to APS Healthcare. There being no objections, the recommendation was approved.

LIFE INSURANCE BIDS

Mr. Teague discussed the bids for the life insurance. The Office of State Purchasing (OSP) has rejected all of the bids after determining that none of them met the bid specifications. All of them had in their bids an escalation clause dependent upon the retention of approximately the same number of insured during the five-year term of the contract. OSP will reissue the bid specifications on a "short bid" process advising all bidders that their prices must be certain. No escalation clauses are acceptable. There will be two options: a three-year contract and a five-year contract.

LSU'S REQUESTED CHANGES TO THE MEMORANDUM OF UNDERSTANDING (MOU) CREATING THE DEFINITY PROGRAM

Mr. Teague reported that OGB has been approached by LSU to amend the current memorandum of understanding (MOU) for the Definity option that is available to LSU and the Louisiana Legislature employees. LSU is proposing a series of amendments to the MOU. These amendments would make the following changes to the current agreement:

- The Definity option would be offered on a permanent basis, subject to termination by LSU. If LSU decides to terminate the program, it would give a least 12 months notice to the Division of Administration and OGB.
- Surviving spouses of Definity participants, subject to certain conditions, would be eligible to continue coverage in the program.
- LSU would have the right to conduct an annual enrollment irrespective of the date upon which OGB elects to conduct annual enrollment for its other plans.
- LSU would have the sole discretion to determine plan design and benefit structure.
- All reporting requirements between LSU and OGB would be eliminated.

- Mutual audit rights between LSU and OGB would be eliminated.

Mr. Teague stated that OGB is continuing to work with LSU on the requested proposed amendments. He will provide the Board with a recommendation regarding the proposed changes at the next Board meeting.

PROPOSED LEGISLATION

Mr. Teague reviewed some of the prefiled legislation for the upcoming 2007 Regular Legislative Session that could affect the Office of Group Benefits.

DISCUSSION OF OPERATIONAL ACTIVITIES

Mr. Teague reported that OGB has only three claims over 10 days old and our loss ratio is 84.3 percent. The enrollment is currently at 124,757 not including the Definity plan. The 2,500 Vantage and 18,000 MCO plan members will have to switch plans for next year. OGB currently has a fund balance of \$105,960,016.

OLD BUSINESS

Mr. Teague stated that Warden Leblanc asked him to review the issue of a member seeking service from his/her in-network provider and that provider sending his/her lab work out to a non-network provider. Mr. Teague advised that it is incumbent upon a network provider to utilize a network lab. Mr. Teague also advised the board there is a major problem in the Lake Charles area with the anesthesiologists because none of them are in-network in that area. The non-network provider can balance bill the plan member. This is an ongoing problem with no resolution available at this time. One change that OGB has made is to advise the ASO vendors that they can not pay in-network rates to an out-of-network provider. Mr. Teague advised that OGB is pursuing contracts in the Beaumont, Texas area to give members additional options. He also agreed to communicate this issue to plan members.

Mr. Teague reported on a building lease issue. The landlord is demanding additional payment under the lease as the result of the overrun of construction cost. OGB is in discussions with DOA on how to resolve these issues.

Rep. Powell talked about the St. Tammany Parish School Board leaving the OGB program. He asked if there have been any consequences to any St. Tammany members who have left the program and realized the penalties this may cost them. Mr. Teague stated that OGB did its best to ensure that the St. Tammany Parish School Board membership knew the consequences and that they could not

reenter into the program if they left. But the fact is they did receive the necessary vote from their membership to allow them to leave the program.

Mr. Benoit stated that the St. Tammany Parish School Board did provide their membership all of the necessary information regarding the issues and consequences should they leave the OGB program.

NEW BUSINESS

Mr. Ramsey requested that at the next meeting that there be the following items discussed:

- Scheduling regular Board meetings
- How an item gets on the agenda
- How emergency meetings are called

Mr. Temple stated that the next Board meeting will be May 10, 2007. He requested that Mr. Teague be prepared to present recommendations for the MOU for LSU and to please keep the Board informed prior to the next meeting.

Mr. Temple addressed Mr. Ramsey regarding the lack of regular scheduled meetings. He stated he has no problem scheduling a meeting any time Board members want to have one. He reminded the members that there have been numerous Board meetings cancelled for lack of a quorum. He apologized to Mr. Ramsey for the trouble he had with getting items on the agenda. He advised that if any member would like an item put on the agenda, they most certainly can have it added. Additionally any member at any time may bring any item up for discussion at any meeting. Mr. Temple did state the Board only advises the Division of Administration and the Division has the responsibility to select the programs they want to deliver to state employees. The Board can disagree (and sometimes it does) on plan design and rates with the Division; but ultimately it is the responsibility of the Division.

PUBLIC COMMENTS

J. W. Kenyon, OGB's representative from United Behavioral Health (UBH), spoke to the Board regarding the behavioral program that works well for plan members to receive assistance. The only problem is that they must wait for the plan member to contact them for assistance relating to obesity, as well as other health issues. She stated that with obesity, there are usually components of depression, anxiety, and sometimes substance abuse which should be addressed. UBH can help with these problems, she stated.

Mr. Michael Kline and Mr. Jason Talbot from the Department of Natural Resources spoke to the Board strongly encouraging OGB to have a high

deductible plan with a Health Savings Account (HSA) offering available to all state employees. They also requested that OGB provide more cost effective health care options than those presented today.

Mr. Temple thanked everyone for their comments and encouraged members to provide more comments and suggestions by contacting their Board representatives.

ADJOURN

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



Mr. Aubrey Temple, Chairman