



State of Louisiana
Office of Group Benefits
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MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

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February 18, 2009

CALL TO ORDER

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

ROLL CALL

Members Present

Rep. Robert Billiot
Dr. Merline Broussard
Mr. Russell Culotta
Mr. Kenneth Krefft
Mr. James Lee
Mr. Hubert Lincecum
Ms. Janet Lorena
Mr. Rick Ramsey
Mr. Philip Rebowe
Mr. Jackie Self
Mr. Aubrey Temple
Ms. Karen Reiners Winfrey

Members Absent

Sen. "Butch" Gautreau

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

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APPROVAL OF MINUTES OF THE NOVEMBER 21, 2008 BOARD MEETING

The minutes of the November 21, 2008 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 objections, the minutes were approved as presented.

MERCER ACTUARIAL REPORT

Mr. Tomczyk reported that a premium surplus of approximately \$408 million is being projected for the end of FY 2008-09. Claims costs continue to be lower than expected. For active employees during the time period of 7/08 – 11/08, Humana claims costs increased by 9%, PPO claims costs increased 7.3% and United claims costs increased 6.1% over the period of 7/07 – 11/07. Generic drug usage has showed a steady increase. The average retail generic cost per script has decreased 2.3% and the average retail brand cost per script has increased 17.0% during the twelve month period ending 11/2008 compared to the twelve month period ending 11/2007.

DEPENDENT VERIFICATION PROJECT

Mr. Teague reported on the results of the dependent verification program. He stated that plan members provided verification documents for over 95 percent of dependents covered as of May 1, 2008 and OGB terminated coverage for all unverified dependents effective December 31, 2008. Approximately 600 employees and retirees owe OGB \$5-6 million in health care claims paid for ineligible dependents. OGB has signed an inter-agency agreement with the Attorney General's Office to handle the collection for claims overpayments for ineligible dependents. The Attorney General's office also is willing to collect money owed to agencies for the state share of premiums paid for dependents that were ineligible to receive benefits if an agency makes the request to the Attorney General's office.

CEO REPORT – OPERATIONAL ACTIVITIES

Mr. Teague reviewed the operational reports which indicated a claims loss ratio of 67.0 percent in December 2008. OGB received 98,291 claims in the month of December and the average turnaround time for claim payment was 2.8 days. The January 2009 fund balance is approximately \$387 million.

Mr. Teague also reported that the Division of Administration has reduced OGB's budget 3.4 million for this fiscal year and 6.8 million in next fiscal year. OGB has taken steps to reduce cost such as:

- Eliminate out-of-state travel for employees
- No printed PPO provider directory
- Reduction in the number of annual enrollment meetings
- Re-evaluate medical vendors and professional service contracts

LSU FIRST REPORT

Mr. Teague provided the Board with the LSU System Health Plan Status Report dated January 14, 2009 giving the update of the LSU First Program.

PROGRAM UPDATES

Disease Management Program

Mr. Teague reported that as of January 1, 2009, Health Dialog is administering the *Living Well Louisiana* health management program for OGB plan members (active employees, retirees without Medicare, and their dependents) who have diabetes, coronary artery disease, congestive heart failure, asthma or chronic obstructive pulmonary disease (COPD). OGB will offer incentives to participating plan members in the form of decreased copayments for prescription drugs used to treat those chronic conditions.

Customer Service Contract

Mr. Teague stated that OGB has contracted with FARA to handle customer service phone calls from PPO providers.

Utilization Management/Case Management Contract

Mr. Teague reported CareGuide was awarded a new contract for case management and utilization review services.

Proposed Extension of MH/SA Contract

Mr. Teague informed the Board that the Office of Contractual Review approved a one-year extension of the current contract with OptumHealth to administer mental health and substance abuse services for OGB plan members. OGB must modify benefits to comply with the recently enacted federal Mental Health Parity Act, which takes effect July 1, 2010. The new

law requires all health plans to provide mental health benefits equal to coverage for physical illness and diseases.

LEGISLATIVE AUDITOR'S REPORT

Mr. Teague announced that a recent annual audit from the state Legislative Auditor's office for FY 2007-2008 contained no findings against OGB.

OLD BUSINESS

Gastric Bypass Surgery Study Report

Mr. Teague reported that the report regarding the findings of the OGB gastric bypass study that began in 2004 were sent to the appropriate legislative committees.

Attorney General's Opinion

Mr. Teague stated that the Attorney General's office recently issued an opinion indicating that the April 2008 amnesty period during which plan members were allowed to drop dependent coverage with no penalties and no questions asked was not a constitutional violation, thus satisfying questions raised by the Legislative Auditor's office.

In response to a question from Mr. Self, Mr. Benoit reported that members of the OGB Policy and Planning Board are not subject to mandated reporting requirements regarding their personal finances.

NEW BUSINESS

Potential effect of passage of the American Recovery and Reinvestment Plan Federal Legislation

Mr. Benoit reported that the final version of the economic stimulus legislation passed by the U.S. House of Representatives and the Senate includes COBRA premium subsidy provisions that will have significant and immediate impact on OGB.

OGB staff is meeting with the Office of State Uniform Payroll to determine how to implement new legislation that requires employers to pay 65 percent of the COBRA premium charges for up to nine months for employees involuntarily terminated between September 1, 2008 and December 31, 2009, for reasons other than gross misconduct. OGB will likely continue to bill terminated employees directly.

PUBLIC COMMENTS

The Board heard comments and questions from St. Landry Parish School Board finance director Randy Manuel about the state share of premiums paid for employees with unverified dependents. The Board asked that Mr. Manuel submit his concerns to OGB in writing so that they can be addressed.

ADJOURN

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



Mr. Aubrey Temple, Chairman