



STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF GROUP BENEFITS



MINUTES
Office of Group Benefits Estimating Conference
April 6, 2018
10:30 AM.

I. CALL TO ORDER

The meeting was called to order by Travis McIlwain.

II. ROLL CALL

Present

Erin Monroe Wesley (in late)
Manfredo Dix
Bill Guerra
Travis McIlwain
Chas Nichols
David Dillon

Absent

Additional Attendee(s)

Tommy Teague, OGB CEO
Monique Fisher, OGB COO

III. APPROVAL OF MINUTES FROM NOVEMBER 15, 2017 MEETING

- Motion to approve made by Manfredo Dix and seconded by Chas Nichols. Minutes approved unanimously.
- **REQUEST TO AMEND AGENDA**
 - Tommy Teague requested a motion to strike item VI from the agenda. Motion to strike made by Bill Guerra and seconded by Manfredo Dix. Approved unanimously.

IV. PUBLIC COMMENTS

- None

V. PROPOSED PREMIUM RATE ADJUSTMENT FOR 01/01/2019

- Tommy Teague briefed the estimating conference members on the need for a 5.4% premium increase (approximately \$72M) and the Administration's mandate that the State cannot fund a rate increase on 1/1/19.
 - Bill Guerra asked if the Fund Balance amount listed for 12/31/19 included with the increase.
 1. Yes.
 - David Dillon asked a series of questions Mr. Teague could not answer. Mr. Teague advised he would get the answers from Conduent.*
 - Travis McIlwain asked if the 5.4% or \$72 million is the amount OGB needs. Would it go into effect 1/1/2019?
 1. Yes. For discussion purposes, the proposal assumed a 1/1/19 effective date. One half would be in FY18 and one half would be in FY19.

~~VI. PROPOSED RETIREE 100 PREMIUM RATE ADJUSTMENT FOR 01/01/2019~~



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- Struck from the Agenda. OGB did not receive the information from BCBS in time for the actuary to provide OGB with accurate figures.

VII. ALTERNATIVE COST SAVINGS INITIATIVES

Mr. Teague briefed members on the cost savings initiatives OGB is proposing.

a. Controlling Specialty Drug Spend Under the Medical Plan

- i. Mr. McIlwain asked what was the most cost effective manner for infusing drugs.
 1. If a member goes to an outpatient hospital facility for drug infusion, it may cost 5 times more than having it done in the physician's office or infusion center.
 - a. Mr. McIlwain then asked if OGB knew what assumptions Conduent used.
 - i. Conduent is currently doing this analysis for other plans and they have medical professionals on staff to provide information. They used information from both sources to create the assumptions.

b. Pharmaceutical Market Check Initiative

- i. Mr. McIlwain asked if there were provisions in the current PBM contract to allow this.
 1. Yes. It was part of the RFP and the contract has a provision that says provisions listed in the RFP shall be considered part of the contract.

c. Implementation of a new formulary for Medicare eligible retirees

- i. Mr. McIlwain asked what a more restricted formulary meant.
 1. If drug A is a brand drug, when the member is moved to a more restricted formulary, that drug may not be included but there will be another brand drug or generic drug with the same efficacy that is available.

d. Prescription Drug Supplemental Savings Program

- i. Mr. McIlwain asked if OGB had any idea of how much the chosen vendor would charge.
 1. It will be a per member, per month (PMPM) payment and there would be an ROI clause in the contract that would cover that PMPM payment.

e. Implementation of Additional Spousal Premium

- i. Manfredo Dix asked if the premium would only apply to coverage from an outside plan.
 1. Yes. If the spouse works for a non-OGB participating entity and chose to enroll with OGB instead of their employer's coverage, the spousal premium would apply.
 2. Mr. Dillon asked how the \$50 was determined.
 - a. It was calculated by our previous actuary, Arthur J. Gallagher.
 - i. Mr. Dillon then commented that it seemed like a low figure and OGB could still be the lower cost option for the member's spouse.
 1. Mr. Teague assured Mr. Dillon that OGB would readdress the premium and look at the numbers again.



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3. Mr. Dix asked if OGB had access to information on what coverage spouses have.
 - a. It will be administered on an honor system. The member will be required to complete an attestation form. The member will be required to list where the spouse works and how long the spouse has worked there.
 - i. Mr. Dix then asked if there would be any privacy issues involved.
 1. OGB is within its rights to ask if a spouse has other coverage available to them. We already ask this to coordinate other coverage for claims payments.
4. Mr. McIlwain asked if this will require a rule change.
 - a. Presently, yes. However, OGB has proposed legislation that would change what requires rule changes. If it passes, this would not require a rule change but would still have to go before the oversight committees.
5. Mr. Dillon asked where OGB falls among other large groups.
 - a. OGB is the largest group plan in the state.
- f. Capitated Primary Care Network Proposal**
 - i. Mr. McIlwain asked if this will affect the current PMPM with the TPA.
 1. No. OGB will generate savings when a member chooses to use the capitated primary care clinic over using a BCBS provider. BCBS will still provide the same coverage but with less usage.
 - a. Mr. McIlwain then asked if this idea will affect future PMPM payments.
 - i. It is possible due to a decrease in claims.
 - ii. Mr. Guerra asked if the clinics would be outside of the BCBS network.
 1. Possibly.
 - a. Mr. Guerra then asked who would determine the PMPM savings.
 - i. The clinic would keep track of claims to add up the savings and provide OGB with a monthly savings report.
 - b. Mr. Guerra then asked if the clinic would have to coordinate with BCBS at all.
 - i. No.
 - c. Mr. Guerra then asked if BCBS or Conduent would audit the savings.
 - i. Savings would be audited by an outside auditor or actuary.
 - d. Mr. Guerra then asked if the PMPM would be based on the primary member enrollment in OGB's self-funded plans.
 - i. Yes.
 - iii. Mr. McIlwain asked if OGB was looking at multiple primary care clinics throughout the state.
 1. It would be nice to have one vendor who has a strong network throughout the state, however if OGB has multiple submitters with different offerings in the state, they could be considered.



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- iv. Mr. Dillon asked if primary care visits were the only type of visits OGB looked at.
 - 1. It is where OGB has started. OGB may look into specialties in the future. OGB knows that many members go to their primary care physician once or twice a year for the cold or flu in addition to the annual wellness exam/physical.
- v. Mr. McIlwain asked if OGB would be providing this scope of services for the self-insured plan members.
 - 1. Yes.
 - a. Mr. McIlwain then commented that if no one used the clinics, the vendor would "win."
 - i. OGB will have an "out" clause in the contract. There will be an ROI guarantee based on the PEPM cost.
- g. **Summary**
 - i. Mr. Guerra asked if OGB is successful in implementing all of the cost savings initiatives, would they at least meet the midpoint range.
 - 1. Yes. Conduent believes OGB will get at least \$47.4M. The year ending fund balance would be about \$24M less.
 - a. Mr. Guerra then commented that if OGB did not enact the rate increase or cost savings initiatives, it appeared the fund balance would still be above the previous actuary's high end of \$244M.
 - i. Mr. Teague responded that OGB would not be taking care of the medical trend and would have to double up on premium increase and/or initiatives in 2020.
 - b. Mr. Guerra then commented that OGB may need to justify the need for an increase to the Policy & Planning Board, the Legislature and the public who might do the simple math and think OGB is fine and doesn't need to do anything.
 - i. Mr. Teague responded that he would not recommend the "do nothing" approach. If OGB can make some cost saving measures work, it needs to be done.
 - ii. Mr. McIlwain asked what the \$72M equated to in the state general fund.
 - 1. The employer portion for appropriated agencies coming from the general fund would be about \$15M of the \$72M.
 - iii. Mr. Dillon asked what were the other programs that OGB discussed but chose not to go with.
 - 1. The tobacco surcharge was presented last year. It was determined to be too difficult to administer at this time.
 - iv. Mr. Guerra asked if there was any further discussion of narrowing the HMO network and moving the Magnolia Local Plus plan from the BCBS PPO network.
 - 1. OGB was advised last year that that option would not make it through the house oversight committee and the Administration looked at it as a significant benefit decrease.
 - v. Chas Nichols asked if there was a priority to the list of initiatives.



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1. OGB believes there are a few that could be implemented without any action or approval. (Pharmacy market check and EGWP restricted formulary.) The rest would require committee approval. (Controlling specialty drug spend, prescription drugs savings program, additional spouse premium and capitated primary care network.)
- vi. Mr. Dillon commented that the theme of the cost savings initiatives appears to be pharmacy and primary care. He asked if OGB looked at high cost claimants.
 1. OGB has 0 claimants over \$1M and a handful over \$500,000. OGB felt there were no savings with high cost claimants.
 - a. Mr. Dillon then asked OGB what timeframe they looked at for high cost claimants.
 - i. 2 years.
 - b. Mr. Dillon felt that may not have been a long enough time frame and asked if OGB knew what amount of spend did the top percent of claimants account for.
 - i. Mr. Teague responded that OGB would look into it further and get this information to the estimating conference.

VIII. MOTION AND VOTE ON INFORMATION PRESENTED TO THE CONFERENCE

- Motion was made by Ms. Wesley to recognize the information presented by the CEO as official information to be presented to the Office of Group Benefits Policy and Planning Board. Motion was seconded by Manfredo Dix and passed unanimously.

IX. NEW BUSINESS

- None

X. ADJOURNMENT

- The motion to adjourn made by Chas Nichols and seconded by Bill Guerra was approved unanimously.

Approved by: _____

Date approved: _____

Miss Monica Wesley
7/18/18

* See attached addendum for answers to these questions.



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MINUTES ADDENDUM
Office of Group Benefits Estimating Conference
April 6, 2018
10:30 AM.

I. PROPOSED PREMIUM RATE ADJUSTMENT FOR 01/01/2019

- Tommy Teague briefed the estimating conference members on the need for a 5.4% premium increase (approximately \$72M) and the Administration's mandate that the State cannot fund a rate increase on 1/1/19.
 - David Dillon asked a series of questions Mr. Teague could not answer. Mr. Teague advised he would get the answers from Conduent. Conduent responded with the answers below:
 1. **With regard to the premium calculations, what is OGB's actual trend?**
 - a. At this point, we have not analyzed OGB's actual trends. But as you know, historical information is just one piece of input to setting trends. For the rate projections, we relied on input from BCBS of LA, PBM pharmacy data, and data from Conduent's annual survey data.
 2. **Have we looked at OGB's high-cost claimants to determine whether there are any savings opportunities there?**
 - a. We reviewed claimants over \$100,000 to determine what impact these claims would have in projecting future costs. For 2017, we found that there were 208 claimants with claims that exceeded \$100,000, which represented 0.1% of the total members, and 3% of total incurred claims. There were also 5 claimants that exceeded \$500,000. There were no claimants that exceeded \$1 million. The five claims over \$500,000 were for End Stage Renal Disease with complications, liver cancer, a multiple birth, and two for very young children.
 - i. **What amount of spend do our top 5% of claimants account for?**
 1. We did not have data on just the top 5% of claimants.
 3. **Did your Fund Balance chart include the results of the first three months of this year?**
 - a. Fund Balance data was available through February 2018.
 4. **How was the proposed \$50 per month spousal surcharge determined?**
 - a. We used the surcharge amount that was proposed in the past.
 - i. **Is it too low?**
 1. Many of our clients are charging around \$100 per month for spouses to be able to remain on their program if they have coverage available from their employer. OGB could move to \$100 for a surcharge which would increase potential savings.