



For Your BENEFIT

STATE OF LOUISIANA • OFFICE OF GROUP BENEFITS
PPO • EPO • MCO • HMO

Diagnosing Health Care Costs

From the Desk of A. Kip Wall, CEO

Health care spending digs into our pockets and burrows until nothing is left, except maybe a hole. That's why all of us hate to hear about double-digit increases in our premiums and increases in our co-payments and deductibles.

Are we alone?

Although we get tired of hearing that health care spending gnaws away at the economy of Louisiana, the United States and, indeed, of the world, sometimes it helps to know that we state employees and retirees are not alone.

For example, Alabama state employee health and pension costs are expected to increase by \$200 million in 2005. Mississippi state employees face a 23-percent increase this year and in West Virginia state employees are contending with a 21-percent increase.

Why do my premiums keep going up?

It seems like we pay more for everything these days. It's hard to believe that a gallon of milk costs around \$4, gasoline sets us back \$2 a gallon, and we have to lay out almost \$10 for a movie ticket.

Experts list a number of factors that contribute to swollen medical costs, including:

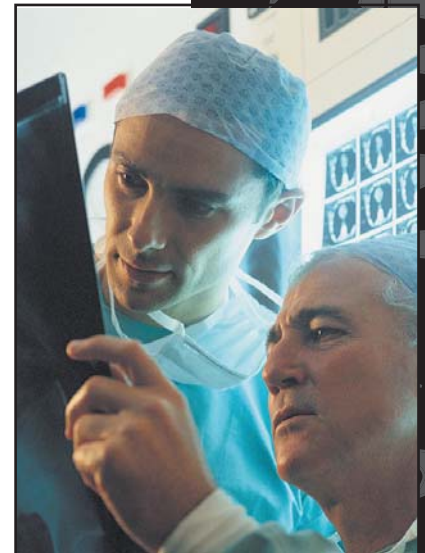
🔗 **Expensive prescription drugs** - More and more expensive drugs come to market every day. Many of these drugs are advertised on television over and over again, and millions of us go to our doctors and demand these drugs.

🔗 **Expensive diagnostic equipment** - Have you ever wondered how much one of those giant magnetic resonance imaging (MRI) machines cost? According to the New York Times, they cost around \$1.5 million each and almost every hospital has one. It's no wonder that we're paying more and more for MRIs and other diagnostic tests.

🔗 **More and more uninsured** - Costs for those without health insurance are often shifted to those of us with health insurance. Recent studies estimate that approximately 45 million Americans have no health insurance, including almost 20 percent of Louisianans.

🔗 **An aging population** - It's hard to believe that the first of the "Baby Boomer" generation will be 60 years old in a couple of years. Statistics suggest that thousands of our plan members will be needing more drugs and more treatments to maintain health.

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HEALTH CARE COST

Diagnosing Health Care Costs

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What is OGB doing?

OGB's administrative costs remain less than five percent, well below industry standards. When we negotiate with our providers - including our prescription drug manager - we put the fiscal and physical needs of our plan members first. We are building efficiencies in our technology, claims payment systems, staffing and contracting, seeking the best value for your health care dollar.

How Much will my OGB Premiums Increase Next Year?

OGB cannot set 2005-06 premiums until utilization in the 2004-2005 plan year, which began July 1st, 2004, can be more fully analyzed. Our actuaries predict that OGB premiums will see a double-digit increase. However, exact premium amounts will not be available until Annual Enrollment.

Sources: Employer Insurance Program: South Carolina Budget and Control Board; Centers for Medicare and Medicaid Services



How Much to Fix Your Broken Arm?



Have you ever tried to figure out how the airlines set their ticket costs or how automobile pricing works? The only thing more confusing is trying to understand medical costs.

Do you know how much it costs to fix your broken arm or replace your hip or read your chest X-ray? Why doesn't the Office of Group Benefits publish a chart or list of prices for various services? Wouldn't it be great if we knew what our arthroscopic knee surgery was going to cost or a hospital stay for pneumonia?

Unfortunately, medical costs are difficult to pin down, because no two procedures or treatments or surgeries are alike. Your tonsillectomy may be different from my tonsillectomy. Some of the variables that can affect your health care pricing include:

- Your overall health condition, including any chronic diseases you may have;
- The experience level of the hospital;
- Whether your procedure is being done as inpatient or outpatient;
- Whether your main doctor or provider is in network or out of network;
- Whether providers of other related services such as imaging and lab services are in network or out of network;
- Your specific diagnosis.

OGB, like many insurers, contracts with providers and uses a fee schedule guided by Medicare rates. The list of services includes nearly 13,000 individual procedures and is several inches thick. OGB's fee schedule – like many others – lists more than 12,690 procedures! It's so complex, even experts in the medical coding field are challenged by it.

In future editions of For Your Benefit, your OGB team will attempt to further explain some of the issues in figuring out your health care costs. We believe the more information you have, the better your health care decisions will be.



OGB Health Management Program - Update

The following information is provided courtesy of our friends at APS Healthcare

Many of us, as well as our families, deal with serious and chronic illnesses every day of our lives. The Healthy Together® program was initiated by OGB in April 2004 so plan members would not have to “go it alone” when dealing with chronic illnesses.

Elements of Healthy Together® include:

Healthy Together....Breathe Easy

For Asthma & Other Lung Disease

Healthy Together....Take Control For Diabetes

Healthy Together....Take Heart For Heart Disease

Highlights of the program since April include:

- 🍏 Enrollment of 31,093 OGB plan members and their dependents. These members include individuals identified with low, medium, and high risk for chronic disease complications. Each of these members has received a welcome letter and educational handbook.
- 🍏 Health risk assessment completed by an APS health coach for 624 high risk members.
- 🍏 Clinical improvement was noted with diabetic patients engaged in the program over three months. These patients showed an increase from 23 percent to 32 percent in compliance with receiving eye exams and an increase from 20 percent to 31 percent in compliance with having blood tests to monitor blood glucose levels over time (Hemoglobin A1c).

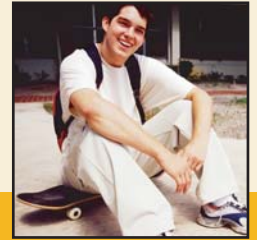
- 🍏 There was a 20 percent decrease in costs for those members identified as high risk from a baseline period of April 1, 2003 to March 31, 2004, before the Healthy Together program was implemented, to the first reporting period of April 1, 2004 to July 31, 2004 (annualized).
- 🍏 The most significant savings noted was with the over-age-65 members with a 34 percent decrease in costs between the baseline period and the first reporting period.
- 🍏 One-hundred two members have received a Health Buddy, an interactive tool that provides daily information to health coaches.

How does the Healthy Together® Program Work?

The Healthy Together® program exists to offer the right care at the right place at the right time. The right time is before the disease gets so bad it affects your ability to work, play, and relax; or worse yet, there are complications such as heart attacks, strokes, or amputations. The right place is through your physician's office and at home, rather than the emergency room or in the hospital bed. The right care is healthy eating and physical activity along with self-monitoring and following your doctor's plan of care.

Can I Join?

Healthy Together® is free to plan members and their dependents that are enrolled in OGB's EPO, PPO, and MCO health plans. If you have one of the health challenges described herein, just call 877-343-3106 (toll free) and ask to join the OGB Healthy Together® program.



OGB Unveils Redesigned Web Site

If you have accessed the OGB Web site recently, you've probably noticed a new look. OGB's Web site has been redesigned with some new features to make it more user friendly.



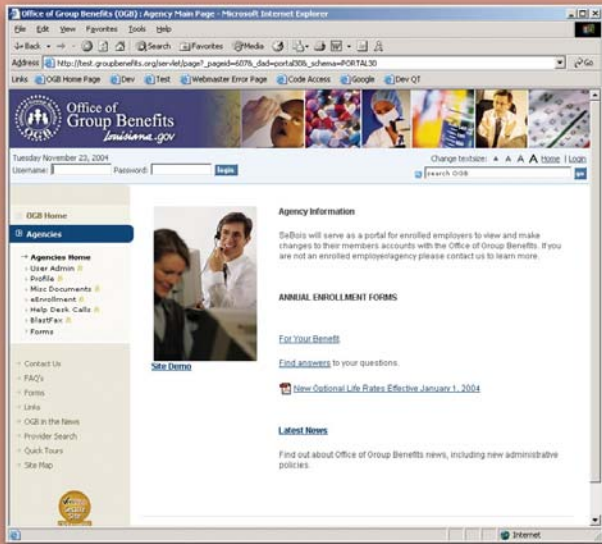
Early in 2004, OGB began doing research to determine ways to increase the efficiency of its Web site. The research included studying other Web sites, conducting a survey and conducting focus groups with plan members, retirees, agency human resource representatives and providers to identify their needs.

Feedback from the survey and the focus groups indicates that users of the OGB Web site want it to be easier to navigate. With that in mind, it has been reorganized in a more logical fashion. Why don't we take a little tour together?

The log-in is now positioned prominently in the top left corner of the Web site home page, just beneath the OGB logo. Directly to its right is a "Change Text Size" section, which allows you to change the size of the text to make it easier for you to read. On the left side of the home page, the Members, Prospective Members, Providers, Vendors or Partners, Agencies and Visitors sections are grouped together for easy access.



Visit the new Web Site
www.groupbenefits.org



From the home page and based on your selection, (i.e. Member, etc.), you go to that main page with an open menu. Grouped together directly below that are quick reference tools including the Contact Us, FAQ's, Forms, Links, OGB in the News, Provider Search, Quick Tours, Site Map and Web site Feedback sections.

Also new, in the Latest News section, are "up," "down," "start scroll," and "stop scroll" buttons, which provide easier viewing of specific news items.



And, the News and Updates in Your E-mail link allows a visitor to register to receive regular e-mails regarding news and updates about the Office of Group Benefits.

We are responding to your continued need for an interactive Web site. As with our previous site, you can still find a provider, check whether a service is a covered benefit, learn whether your personal claims have been processed, and find answers to frequently asked questions.

OGB wants to continue to get feedback from you and that is why a feedback section was added. Fill out information under, "Help us improve our Web site. Submit your feedback here." and your suggestions will be heard and acted upon.

Tips for using the OGB Web Site

- 1. User Registration:** If you are not currently a registered member or provider user, you can self-register by clicking on the User Registration link. The link is located just below the Latest News scroll. Go to Select User Type, click on Register Now, and enter the requested information.
- 2. Password Reset:** As a registered member, if you should forget your password, the Password Reset button is located just below the User Registration button. Enter the requested information then submit. Your password hint question will be displayed and you must enter the response. A correct response will allow you to immediately put in a new password.
- 3. Help Us Improve Our Web Site:** Web site users are encouraged to submit their comments and suggestions by using this link of the Web site. The survey also solicits your overall impression of the Web site and requests type of user. This link is located directly below the Password Reset link. Feedback can be submitted anonymously or the user can request to be contacted by OGB.
- 4. Wellness Section:** If a user is looking for wellness-related information, it can be easily accessed from the home and members pages. On the home page, you will find the Mayo Clinic link (you must be a registered user to access), and Lighten Up Louisiana. On the members page, you will find the APS Health Management Program and Bridge to Change.



OGB Offering Flexible Spending Account During Annual Enrollment

Prescription co-pays, doctor visits, allergy medication, braces for the kids, eyeglasses and contacts are all expenses we pay out of pocket on a regular basis. With health care costs rising year after year, we are all looking for ways to save on the things we can't do without. One solution is a Flexible Spending Account (FSA). An FSA is a special, non-taxed account designed to save money on medical and dependent care expenses, as well as provide a convenient way to track your spending.

Participating in an FSA is simple. You elect an annual amount to contribute to your account and these funds are transferred automatically from your paycheck into your FSA. By setting aside money from your paycheck before taxes are calculated, you lower your taxable wages. You then use the tax-free dollars you set aside to pay for eligible expenses.

OGB has contracted with 1 Point Solutions to provide an FSA program for plan members. 1 Point Solutions Flexible Spending Card program allows immediate access to FSA account dollars with an easy-to-use debit card. Card holders may present the card anywhere MasterCard is accepted as payment for eligible expenses, and the amount is automatically deducted from the FSA. Program participants can monitor their account balance via secure Internet access at www.1pointsolutions.com.

Plan members interested in participating in the OGB-sponsored FSA program should enroll during the 2005 annual enrollment.

Some of the information included in this article was provided by our colleagues at 1 Point Solutions.

Drug Explanation of Benefits (EOB) Information Available at OGB Web Site

OGB is no longer printing Drug Explanation of Benefits (EOB) information for plan members. However, this information is still available for plan members on the OGB Web site www.groupbenefits.org. After log-in, go to Miscellaneous Documents and your information can be accessed under Drug EOB.

PPO Plan Members Be Aware

Members of the OGB PPO should keep in mind that the PPO does not have a national network option. PPO plan members who go out of state for care may become responsible for significant out-of-pocket expenses. You could face expenses of \$50,000 or more. Please call your local customer service office if you have any questions about coverage outside of Louisiana. Of course, this does not apply to OGB plan members with Medicare.



Banishing the Winter Blues **Quick tips for lifting your spirits**

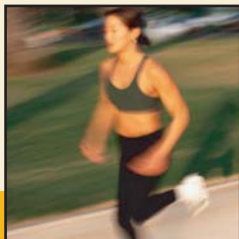
The following information is provided courtesy of our friends at United Behavioral Health.

If you find yourself feeling the “winter blues,” the following tips may help you feel more like yourself:

- Exercise regularly, even in winter. Make a special effort to take a daily stroll outdoors.
- Increase the amount of natural sunlight in your home. Consider adding more lamps. Use light colors on walls and upholstery.
- Sit near windows whenever possible to maximize your exposure to natural light.
- If possible, head for a sunny destination in winter.
- Take time to rest and eat well. Avoid alcohol.
- Keep a balanced daily routine.
- Spend time with family and friends.

Most people are able to endure these brief periods of sadness and go on with their daily lives. However, if the winter blues continue for longer periods of time, or progress into feelings of hopelessness, it is best to contact your doctor or health care provider for help.

The OGB Mental Health/Substance Abuse (MH/SA) Program can also help you with a personal consultation and referrals to licensed professionals. Just call toll-free 1-866-492-7143 (1-866-512-3764 TDD) or log on to www.liveandworkwell.com (access code: **sebois**). The program is available 24/7 and is completely confidential.



Lighten Update

On August 30, Gov. Blanco announced the start of a five-month, statewide wellness campaign called Lighten Up Louisiana. She invited all Louisianians to participate and many have accepted the challenge. There are 4,085 teams with a total membership of 36,000 in the two categories of weight loss and accumulated activity.

Why participate? Exercise and a proper diet, which includes fruits and vegetables, contribute toward a healthier lifestyle. Presently, more than half of Louisiana adults are overweight. Obesity is a major risk factor for many chronic and even fatal diseases, including diabetes, high blood pressure, strokes, high cholesterol and heart attacks. Obesity also has an impact on health care costs.



OGB is a proud co-sponsor of Lighten Up Louisiana and has formed 22 teams with 173 members made up of OGB employees and friends. Many of the teams have had impressive success stories and some fun challenges – kickball and volleyball, to name a few.

How about you? Have you decided to Lighten Up? It's not too late. Simply form a team of two to 10 people, name a team captain, and go to the Web site at www.lightenuplouisiana.org to sign-up.

The last few months of the campaign promise to be intense as teams compete for a top 10 spot and an invitation to a special reception at the Governor's Mansion. Join the fun and the celebration for a healthier Louisiana. And remember, when you lose, Louisiana wins! See you at the finish line!

NOTE: Any change in level of physical activity should be discussed with your physician.

Area Customer Service Offices



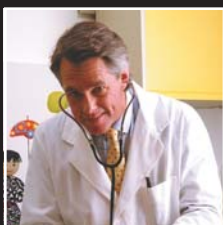
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This document was published at a total cost of \$22,615.90 for 147,000 copies. This document was printed by LSU Graphic Services, under authority of the Division of Administration, to inform state employees about their benefits. This information was printed in accordance with the standards for printing by state agencies established pursuant to R.S. 43:31.



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