

MINUTES
POLICY AND PLANNING BOARD MEETING
OFFICE OF GROUP BENEFITS

July 23, 2003

CALL TO ORDER

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

ROLL CALL

Members Present

Dr. Merlin Broussard
Dr. James Calvin*
Mr. Charles Castaing
Dr. Barbara Cicardo*
Mr. Russell Culotta
Mr. James Lee
Mr. Hubert Lincecum
Ms. Pam Bollinger**
Representative Tank Powell
Mr. Jackie Self
Mr. Aubrey Temple

Members Absent

Mr. Charles Lazare
Mr. Jimmy LeBlanc
Mr. William Quinlin
Senator Tom Schedler
Mr. John Warner Smith

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

*Dr. Calvin and Dr. Cicardo arrived after roll call.

**Designee of the Commissioner of Insurance.

APPROVAL OF MINUTES OF MAY 28, 2003 BOARD MEETING

The minutes of the May 28, 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.

ELECTION OF OFFICERS FOR 2003-2004

Chairman

Mr. Temple opened the floor for nominations for the office of chairman of the Board.

Mr. Lincecum nominated Mr. Aubrey Temple for chairman of the board. The nomination was seconded by Mr. Culotta.

There being no opposition Mr. Temple was elected by acclamation as chairman of the Board.

Vice Chairman

Mr. Temple opened the floor for nominations for the office of vice-chairman of the Board.

Mr. Lee nominated Mr. Hubert Lincecum for vice chairman. The nomination was seconded by Mr. Culotta.

A motion was made by Mr. Culotta, seconded by Mr. Self to close the floor for nominations. The motion was adopted without objection. There being no opposition Mr. Lincecum was elected by acclamation as vice chairman of the Board.

Secretary

Mr. Temple opened the floor for nominations for the office of secretary of the Board.

Mr. Lincecum nominated Mr. Lee for secretary. The nomination was seconded by Dr. Broussard.

There being no opposition, Mr. Lee was elected by acclamation as secretary of the Board.

2003-04 PLAN OF BENEFITS

Mr. Wall reported that the Benefits Committee met on July 9, 2003 to consider plan of benefits for 2003-04 plan year. He stated that all benefit modification recommendations should be presented by the end of August. Mr. Wall reported that the program is projecting a 15% to 20% rate increase.

Mr. Culotta reported that the Benefits Committee starting considering recommendations from Mr. Wall and of the five recommendations the following three have been approved to recommend to the Board:

- Discontinuance of the wild card option.
- Institute a \$1 million lifetime maximum for the MCO plan.
- Permit dependents to participate until the age of 25 without restrictions.

The other two recommendations were made by a representative of the Jefferson Parish School Board, and the Committee voted to take these two recommendations under advisement:

- Offer a Medicare HMO to retirees.
- Offer a high deductible – catastrophic policy to pre-Medicare retirees.

Mr. Culotta stated that the Benefits Committee would be meeting at 11:00 a.m. today after the Board meeting and he encouraged all the board members to attend and participate. Mr. Lincecum stated that OGB faxed a letter to all the state agencies inviting members to come to the Benefits Committee and make any benefit recommendations and/or ideas they would like considered for next year.

Mr. Temple requested that the recommendations be held until the Benefits Committee had completed all it works on the recommendations. Mr. Temple suggested that the several options be presented to the legislature and the new governor next year.

Mr. Self and Dr. Calvin stated that the discontinuance of the wild card option should be reconsidered. Mr. Self stated this will cause a great deal of confusion if it is taken away from plan members. Mr. Wall stated that the wild card option is unique in a group plan. With all the options available the wild care option can cause an adverse selection from plan to plan.

Dr. Broussard asked if providers were receiving better reimbursement rates from the MCO (FARA) than the PPO. Mr. Wall stated that in some cases such as specialist that are needed in certain areas.

Mr. Lincecum stated that the ads in the newspaper regarding Our Lady of the Lake (LOL) not contracting with OGB is untrue. Ms. Bollinger read a letter from Mr. Robert Davidage, C.E.O. of LOL refuting the contracting issues between OGB and LOL.

Mr. Culotta stated that in the Benefit Committee meeting that the Committee would be reviewing administrative cost of the program as well as modifying the benefits so that the increase in premiums for next year will not be severe. The Administration has given money to other entities that could be dedicated to the program.

Mr. Eschbach, Milliman USA, presented a presentation to the Board that compared healthcare benefits and associated costs with similarly situated states. The survey study included Alabama, Colorado, Kansas, Louisiana, Texas, and Utah. The study reviewed data of active employees only which showed comparisons between states in regard to average age, gender, premium per member, plan designs, utilization, and employee population by plan type.

CEO REPORT

Mr. Wall reported that the program's monthly prescription drug cost has been approximately \$12 million. The last payment for plan year 2002-03 was approximately \$8 million for a two week period. Mr. Wall also stated that the program is paying claims on a timely basis.

Customer Service and Claims Processing

Mr. Wall stated that the outsourcing firm ACS as been selected to handle claims overflow for the program. They are located in Florida.

Mental Health and Substance Abuse

Mr. Wall stated that United Behavioral Health, which is a division of United Health Care, has been selected as the mental health and substance abuse provider. The contract will be effective September 1, 2003.

SCR 130

Mr. Wall provided for informational purposes Senate Concurrent Resolution 130, which establishes the Office of Group Benefits Medicare Study Commission. This study commission will study purchasing Medicare coverage for those individuals who were not eligible for Medicare because they did not participate in Medicare during their active employment.

Mr. Eschbach has projected some cost of \$40 million based on current projections OGB would enter into a contract with the Center of Medicare/Medicaid coverage for these employees and the State would have

to pay Medicare for the coverage. It would cost approximately \$40 million a year. The largest cost would be early in the plan which would include the penalties. Eventually this is projected to be a cost savings to the State. The study commission would have input and the data. There are approximately 3000 to 4000 retirees that are age 65 and older that do not have Medicare coverage.

OLD BUSINESS

Dr. Broussard asked if the PPO, MCO and EPO premiums collected co-megaled. Mr. Wall explained that it is one self-funded pool which, include the EPO, PPO and MCO.

NEW BUSINESS

Ms. Bollinger asked about the prior authorization on certain prescription drugs in the MCO plan. Was this told to the plan members during annual enrollment. Mr. Wall explained that the prior authorization requirement is part of the formulary structure for the MCO. He also stated that there are prior authorization requirements for some prescription drugs in the PPO plan.

PUBLIC COMMENTS

There were not public comments addressed to the board.

Mr. Temple stated that the public is invited to attend the Benefits Committee Meeting scheduled for 11:00 a.m.

ADJOURN

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

Mr. Aubrey Temple, Chairman