

MINUTES
POLICY AND PLANNING BOARD MEETING
OFFICE OF GROUP BENEFITS

July 14, 2004

CALL TO ORDER

Mr. Hubert Lincecum, vice-chairman, called the meeting of the Policy and Planning Board to order.

ROLL CALL

Members Present

Dr. Merline Broussard
Senator James David Cain
Dr. Barbara Cicardo
Mr. James Donelon*
Mr. Charles Lazare
Mr. Jimmy LeBlanc
Mr. James Lee
Mr. Hubert Lincecum
Representative Tank Powell
Mr. Jackie Self

Members Absent

Dr. James Calvin
Mr. Russell Culotta
Mr. William Quinlan
Mr. Aubrey Temple

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

*Mr. James Donelon arrived after roll call.

APPROVAL OF MINUTES OF MARCH 24, 2004 AND MAY 12, 2004 BOARD MEETINGS

The minutes of the March 24, 2002 and May 12, 2004 board meetings were presented for approval.

A motion was made by Dr. Broussard, seconded by Dr. Cicardo, to accept the minutes as presented. There being no objection, the minutes were approved.

ELECTION OF OFFICERS FOR 2004-05

Chairman

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

Mr. Self nominated Mr. Aubrey Temple. The nomination was seconded by Rep. Powell.

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

Vice Chairman

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

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

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

Secretary

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

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

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

FY 2005-2006 Plan of Benefits

Mr. Wall presented for informational purposes a Wall Street Journal article which included a survey by Pitney Bowes. Mr. Wall explained that national companies are facing the same problems as OGB with increase utilization and increased reimbursement rates. Mr. Wall reported that OGB spent approximately \$54 million on radiology services last year.

Mr. Lincecum welcomed Senator James David Cain to the Board representing Louisiana State Senate.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)

Mr. Wall also presented information regarding the Governmental Accounting Standards Board (GASB). GASB has issued a final ruling that will mandate that state's have to begin reporting future cost of retiree health care. This is currently required in the private sector. This will be required from OGB in 2007 or 2008. The future liability for OGB could be \$6 billion or more. This is the value of the benefits that OGB provides in conjunction with the number of retirees and the expected pay out over the future.

HUMANA/OHP – TENET HEALTHCARE CORPORATION

Mr. Wall reported that there has been changes in the Humana/OHP network since annual enrollment. OGB sent out a notice to the Humana/OHP members allowing them to move to the PPO or EPO since this information was not available during annual enrollment. Members will not be allowed to move to the MCO because the Tenet facilities are not part of the MCO network this year.

EPO – Region 6, Baton Rouge General

The Baton Rouge General was not able to reach an agreement with United Healthcare in the Baton Rouge area. OGB contracted under their standard rate with the Baton Rouge General so plan members will not have any disruption. When situations like these arise OGB will address them.

BUILDING LEASE

Mr. Wall presented a letter from the Department of Agriculture regarding building lease rate. Currently OGB's lease rate is \$8.00 per square foot, the Department of Agriculture is seeking an increase to \$12.00 per square foot. OGB is preparing to bid out for new building space to determine if it is in OGB's best interest to move.

PHARMACEUTICAL BENEFITS MANAGEMENT CONTRACT

Mr. Wall reported that under the new PBM contract some rural and independent pharmacies are not satisfied with reimbursement rates and OGB is having ongoing meetings with the parties involved to resolve this issue.

CEO REPORTS

Mr. Wall reported that OGB's 2004-2005 budget is \$1,065 billion. The program is continuing to see expenses increase. The program will need more than \$100 million additional revenue to maintain current benefit levels in the program next year. If any changes are to be made to the plan of benefits for next year they need to be submitted in the next two months.

Mr. Wall reported that the claims for the MCO that have been adjudicated on a claims paid basis are running approximately 95% loss ratio. Mr. Wall stated that if the MCO does not pay for itself it will not be continued to be offered.

Mr. Wall reported that OGB acquired 1,500 new members who have not previously been with OGB.

NEW BUSINESS

OGB Legislative Report – 2004 Regular Session

Mr. Wall provided and reviewed legislation that was enacted during the 2004 Regular Session which will impact OGB.

OLD BUSINESS

Prudential - Optional Employee Term Life Insurance Program

Mr. Wall reported that Prudential will discontinue offering the optional employee term life insurance effective December 31, 2004. This is due to the low participation rate.

PUBLIC COMMENTS

None

ADJOURN

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

Mr. Aubrey Temple, Chairman