

MINUTES
POLICY AND PLANNING BOARD MEETING
OFFICE OF GROUP BENEFITS

May 12, 2004

CALL TO ORDER

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

ROLL CALL

Members Present

Dr. Merline Broussard
Mr. Russell Culotta
Mr. Jim Donleon*
Mr. Hubert Lincecum
Mr. William Quinlan
Mr. Jackie Self
Mr. Aubrey Temple

Members Absent

Sen. David James Cain
Dr. James Calvin
Dr. Barbara Cicardo
Mr. Charles Lazare
Mr. James LeBlanc
Mr. James Lee
Representative Tank Powell

Roll call indicated seven board members present, not representing a quorum.

Mr. Temple stated that due to a lack of a quorum that no action would be taken at this meeting. This meeting would be for informational purposes.

Mr. Donleon arrived after roll call.

APPROVAL OF MINUTES OF MARCH 24, 2004 BOARD MEETING

No action was taken on the approval of the minutes of the March 24, 2004 Board meeting.

POLICY AND PLANNING BOARD ELECTIONS PRESENTATION

Ms. Sharon Runyan, Communications Director, reported to the board results of the three seats on the OGB Policy and Planning Board that were up for election this year: Retiree At-Large; Active At-Large; and Departments of Public Safety and Corrections.

The Call for Nominations was conducted in accordance with OGB Policies and Procedures. Qualifying Petitions were received only from the incumbents for each seat.

Accordingly, Russell Cullotta maintains his Retiree At-Large seat. Hubert Lincecum maintains his Active At-Large seat. And, James LeBlanc maintains his Departments of Public Safety and Correction seat.

Mr. Culotta requested that this information be included in the next OGB newsletter. Ms. Runyan assured him that it would be included.

FY 2005-06 PLAN OF BENEFITS

Mr. Wall reported that the Program and the Board needed to start planning for the 2005-2006 plan year benefit modifications, because everything has to be finalized by November 2004. One of the main focuses for next year will be a Health Care Savings Accounts (HSA) product option for plan members.

HSA – Health Care Savings Accounts - It permits employer and employee contributions, and it rolls forward to the next year. It can be invested like a 401K, and the employee owns it and can take it with them. Funds can be built up in these accounts for future medical expenses. The requirement in the law is that for individual policies, there must be a \$1,000 deductible in order to permit an HSA, and for family there must be a \$2,000 deductible.

Mr. Wall explained that there is an issue, that if you are currently age 65 or older, you can not begin participation in an HSA.

Mr. Wall reviewed the following types of medical spending accounts that are now available:

FSA – Flexible Spending Accounts – The Program offers this currently in its cafeteria plan. This allows pre-tax employee contributions to a fund that members can use for non-covered medical expenses. The problem with FSAs is that funds not spent cannot roll over to the next year.

MSA – Medical Savings Accounts – Primarily directed to the self-insured employer and small employers. Not applicable to our program.

HRA – Health Reimbursement Accounts – These accounts are extensively used with consumer driven health plan model, like the Definity plan. The difference between a HRA and FSA is that an HRA is employer funded. These accounts can roll forward to the next year. The employee owns this account.

Mr. Wall discussed the HIFA Waiver that the Department of Health and Hospitals is investigating. A HIFA waiver is an allowance by the federal government to use certain Medicaid funds to subsidize health insurance policies based on a matched contribution. Department of Health and Hospitals (DHH) has developed two guidelines: an ambulatory policy and a limited benefit policy. OGB is patterning the Safety Net coverage after these two policies. Initially, OGB wants to seek HIFA matching funds to subsidize this program. This will be expensive, and the State will not be able to fully fund an alternative product.

CEO REPORTS

Mr. Wall presented for informational purposes the report, “Where the Money Goes,” which gives an overview of claims and cost.

Mr. Wall stated that the prescription drug expenses are still below projected cost. The invoices are averaging below \$12 million per month at this time.

Mr. Wall reported that CatalystRx will be the Program’s new prescription benefits management vendor. He also reported that several of the PBMs that responded have sent in letters of concern. The Program has an outside consultant reviewing the letters of concern. The drug program will not change, and plan members should not see any change.

OLD BUSINESS

Canadian Drugs

Mr. Wall presented an article that appeared in the New Orleans Times Picayune regarding a meeting held by the Louisiana Senate Insurance

Committee last month looking at the purchase of drugs from Canada. The committee received testimony from firms that specialize in this area, as well as, pharmaceutical manufactures, independent pharmacist and others. Senator Cain, chairman of the Senate Insurance Committee, has appointed a subcommittee to review these issues. There were two reports that were issued in the last few weeks that indicated that the Bush administration will be dropping objections to re-importation of prescription drugs.

Medicare Discount Drug Cards

Mr. Wall presented a letter being mailed out to the OGB Medicare eligible retirees related to the Medicare Drug Benefit that was adopted last year. The first phase of the Medicare Drug Benefit is offering Medicare eligible individuals a discount drug card. Mr. Wall explained that at this time Medicare eligibles who are members of the OGB program do not need to purchase the card. Members cannot use it in conjunction with the programs' drug benefit. Mr. Wall stated that these cards are being aggressively marketed, and OGB plan members will be confused.

Mr. Self asked about the status of the morbid obesity pilot program. Mr. Wall stated that LSU is ready to begin the procedures at this time. Also, in addition, Pennington Biomedical Research Center has developed a secondary study that would focus on nutrition and exercise for some of the remaining population of the morbid obesity pilot program screening process. We would like to combine these into a single study that would be a definitive study in the United States on weight loss procedures. OGB is putting together some information to submit to the Division of Administration so they can approve it. If it looks like there will be any significant delay regarding the Pennington study proposal, then LSU will still precede with the Morbid Obesity gastric bypass study.

NEW BUSINESS

Mr. Wall presented a report from Wolcott & Associates, Inc. on the analysis and evaluation of claims processing for the period July 1, 2003 through December 31, 2003 of OGB claims. This is an outside claims audit by an independent firm that reviewed the program's claims payments. Claims audit results for PPO was 98% accuracy rate for errors and a 99.7% accuracy rate for financial. The EPO was 96% accuracy rate for errors and 99.7% accuracy rate for financial. The results for the claim processing timeliness in the PPO was 96% and the EPO was 94%. These are great results, and OGB will continue to maintain and improve these results.

PUBLIC COMMENTS

Mr. Andy Soileau, representing the Louisiana Independent Pharmacy Association (LIPA), addressed the Board and offered their services to Office of Group Benefits to help save money in managing costly plan members with diabetes, asthma, hyperlipidemia and other diseases that can be managed with a disease management program. Mr. Soileau gave Mr. Wall a Disease State Management Program that the Louisiana Independent Pharmacy Association (LIPA) has compiled. Currently LIPA is trying to develop a disease state management program with Pennington on obesity using pharmacists throughout the state. LIPA has given this report to Dr. Fred Cerise, Secretary of DHH. LIPA is offering these same services to OGB.

ADJOURN

There being no further business to discuss, the meeting was adjourned.

Mr. Aubrey Temple, Chairman