

MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

October 15, 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. James Calvin
Mr. Russell Culotta
Mr. James Donelon*
Mr. Buford Huckleberry
Mr. Jimmy LeBlanc
Mr. James Lee
Mr. Hubert Lincecum
Representative Tank Powell
Mr. William Quinlan*

Members Absent

Mr. Mark Brown
Dr. Barbara Cicardo
Mr. Charles Lazare
Mr. Jackie Self
Mr. Aubrey Temple

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

*Mr. Donelon and Mr. Quinlan arrived after roll call.

APPROVAL OF MINUTES OF SEPTEMBER 29, 2004 BOARD MEETINGS

The minutes of the September 29, 2004 meeting were presented for approval.

A motion was made by Mr. Lee, seconded by Mr. Huckleberry, to accept the minutes as presented. There being no objections, the minutes were approved.

TRICARE PROPOSAL

Mr. Lincecum provided information regarding a insurance plan that will supplement Tricare, a federal program for active and retired military personnel. State employees under the age of 65 with a minimum of 20 years of military service who are eligible for Tricare can enroll in the supplemental offered by ASI, underwritten by the Hartford Group. These individuals would have the opportunity in lieu of participating in OGB to chose the Tricare supplement and it would cover the benefits not covered by Tricare. South Carolina is currently participating in this plan and the state has saved approximately \$23 million. The Board had no objection to continue researching the Tricare supplemental program for OGB's retired military personnel as an offering for next year.

MEDICARE PART B

Mr. Wall discussed requiring retirees to purchase Part B Medicare. Reviewing the rate structure presently in effect, OGB premium reduction is granted to retirees who have Medicare A & B. The OGB premium schedule for a person with Part A, but not Part B is very high. It is believed that if those who have Part A were to purchase Part B, then their OGB premium will be much lower. Mr. Lincecum stated that in approximately 1998 the Board voted to require employees to have Part A and B in order to receive the OGB premium reduction, but prior to 1998 employees were not required to purchase Part B in order to get the reduced OGB premium.

Mr. Wall stated due to the increase in Medicare premiums Part B, which is \$78.20, combined with the OGB premiums for a retired single with 1 Medicare is \$65.04, amounts to a total of \$143.24 that these plan members pay, which is higher than the OGB premium for the retired single no Medicare premium that is \$111.80. So some plan members have asked about discontinuing the Part B so that their OGB premium would be lower, unfortunately this would significantly add cost to the agencies part of the premium. Mr. Wall also reported that if an employee withdrew or did not participate in Medicare Part B and the Program forced them to purchase Medicare Part B it would be extremely expensive for them because of the penalty they would have to pay.

A motion was made by Mr. Lincecum, seconded by Mr. LeBlanc, recommending that effective January 1, 2005, everyone eligible for Medicare will be required to take Parts A and B.

Following discussion a roll call vote was taken on the motion with the following result:

<u>Yeas</u>	<u>Nays</u>
Dr. Broussard	Mr. Culotta
Dr. Calvin	
Mr. Huckleberry	
Mr. LeBlanc	
Mr. Lee	
Mr. Lincecum	
Rep. Powell	
Mr. Quinlan	

With eight (8) yeas, and one (1) nay, the motion passed.

FY 2005-06 PLAN OF BENEFITS

Mr. Wall presented an article from Watson Wyatt regarding the following trends for 2005 which OGB is considering:

- New plan designs, but fewer options
- Increased focus on disease management
- Higher costs for doctor, hospital visits.
- Surcharge for spousal coverage
- More voluntary benefits
- Greater access to decision support tools
- Enhanced employer communication

Mr. Wall also presented additional articles regarding the states of Maryland and Georgia regarding their state employee health plans and the problems they are facing.

Mr. Wall also stated that the program is working with the Division of Administration (DOA) regarding the plan of benefits for next year. Offering an HSA plan is being reconsidered due to the time restraints; this may not be in place for the upcoming plan year.

Mr. Wall stated that at this time the program is not ready to finalize the plan of benefits for next year. He requested any additional comments and/or suggestions from the Board.

Mr. Eschbach stated that they have developed some alternatives but the total savings have not been projected. The alternatives will illustrate the significant changes that will be required in order to produce the savings that will be needed. The program will need a minimum 20 percent rate increase

across the board, an increase in revenue of \$180 to \$200 million. Mr. Wall stated that these alternatives are for informational purposes and are not being considered at this time.

Mr. Culotta stated that the Board needs to consider changing the benefit design in order to minimize the amount of the increase in premiums.

Mr. Quinlan stated that in the private sector employers have benefit plans with \$3,000 to \$5,000 out-of-pocket expenses. He stated that he has written plans that include 30 to 50 percent rate increases, and one employer had a 103 percent rate increase.

Mr. Wall stated that the Board will meet again in the next two weeks to consider the benefit modifications.

NEW BUSINESS

None

OLD BUSINESS

Mr. Wall reported on the Franklin, Pointe Coupee, and Bogalusa School Boards. These three school boards are in arrears, regarding money owed to OGB. Pointe Coupee Parish School Board has submitted a corrective action plan to the program and are in compliance with the corrective action plan.

The Bogalusa School Board will be going in front of the Bond Commission on October 1, 2004 to request a budgetary loan. If they receive approval of the loan then OGB will be paid.

The Franklin Parish School Board submitted a corrective action plan which was not acceptable because it failed to state that they would promise to pay. Mr. Wall advised them that it was not acceptable and scheduled their benefits to be terminated as of October 22, 2004. The school board is meeting today at noon and was submitting another resolution that would be acceptable if approved by their Board. Mr. Wall stated that he has met with the Dept of Treasury, Dept. of Education, Legislative Auditor's Office, and the Attorney General's Office, and the opinion is that the program can warrant money due to the school boards directly from the Treasury. That will offer another option other than cancelling insurance for any school board.

PUBLIC COMMENTS

Ms. Carrie Griffin with the Assumption Parish School Board requested that the MCO plan not be eliminated; plan members would rather pay higher premiums and copays than have the plan totally eliminated.

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