MINUTES

POLICY AND PLANNING BOARD MEETING
OFFICE OF GROUP BENEFITS

October 28, 2004

CALL TO ORDER

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

ROLL CALL

Members Present	**Members Absent**
Dr. Merline Broussard	Mr. Mark Brown
Mr. Russell Culotta	Senator James David Cain
Mr. Charles Lazare	Dr. James Calvin
Mr. James Lee	Dr. Barbara Cicardo
Mr. Hubert Lincecum	Mr. James Donelon
Representative Tank Powell	Mr. Buford Huckleberry
Mr. Aubrey Temple	Mr. Jimmy LeBlanc
	Mr. William Quinlan
	Mr. Jackie Self

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

This meeting was held for informational purposes only.

APPROVAL OF MINUTES OF OCTOBER 15, 2004 BOARD MEETINGS

The minutes of the October 15, 2004 meeting were not presented for approval, due to lack of a quorum.

CUSTOMER SERVICE

Mr. Dean Moberley, OGB Customer Service Director, provided an update of the services that OGB field representatives provide to agencies and plan members. There are 14 field representatives that handle approximately 1,927 agencies throughout the state on a monthly basis.

Mr. Moberely indicated that Ascension Parish School Board will leave the program effective Monday, November 1, 2004. Dr. Broussard expressed her concern of what will happen to retirees when a school board withdraws from the program. She hoped that retirees in the respective school systems understand. If all they have is Group Benefits than they will not have insurance and this needs to be conveyed to the retirees in the school systems. Mr. Lincecum explained that if a school board withdrew from OGB and subsequently wanted to rejoin the program, their retirees would have to pay the whole premium due to vesting requirements.

Mr. Moberley also reported that as of September 2004, agency services field representatives have handled 1,941 office visits, 3,973 calls to agencies, and 573 presentations which included approximately 21,500 participants. Mr. Temple asked how the agencies met with retirees. Mr. Moberley stated that they attend retiree association meetings throughout the state and provide assistance. Last year during annual enrollment there were special meetings held for retirees to address their specific benefit issues, throughout the state. This coming annual enrollment there will be separate meetings in each parish for retirees to attend. Mr. Lincecum stated that the he just attended a meeting for the Louisiana Retired Teachers Association held in Monroe where the agency attended along with a representative from Catalyst, the PBM contractor, and a representative from the Disease Management contractor who provided blood pressure checks. Mr. Wall stated that this up coming annual enrollment OGB will request agencies provide them with available space to have media presentations at the meetings.

Mr. Culotta commended Mr. Moberley on the outstanding job that is done with the small amount of staff.

FY 2005-06 PLAN OF BENEFITS

Mr. Wall and Mr. Steve Eschbach presented five alternative option plans with increased deductibles and co-pays for review. The alternative options indicated savings from approximately $33 to $66 million.

Mr. Wall stated that these are only alternative options and are not currently being considered for the plan of benefits for next year. This is only for informational purposes because Mr. Culotta requested this information at the last board meeting for alternatives other than raising the premiums rates for next year.

Mr. Eschbach provided the percentage of participation in each plan as follows:

PPO - 33% Active employees – 70% retired employees
EPO – 5% Active employees – 4% retired employees
MCO – 35% Active employees – 9% retired employees
HMO – 30% Active employees – 11% retired employees

Mr. Lazare asked how much the premium increase will be if no changes are made in the plan of benefits next year. Mr. Eschbach projected that it would be approximately 17 percent aggregate.

Mr. Wall stated that other considerations such as a low cost option plan that would be affordable to the lower paid employees, an HSA plan, and other discussions have involved considering reducing the number of options to reduce confusion and better manage the risk.

Mr. Wall asked the Board if they saw anything in the presented options that needed to be given further consideration and the staff would research it.

Mr. Temple asked Mr. Wall what legislatively could be done to help reduce the rate increase that plan members are facing. Mr. Wall stated that OGB is statutorily prohibited at this time from giving plan members an incentive to use mail order drugs. Doing this would save approximately 5 to 10 percent of the pharmaceutical cost which represents approximately $150 million.

Mr. Temple stated that in the insurance business medical inflation is going to continue to move up. Any actions that can be made to hold it down would be worth it.

Mr. Lincecum stated that there is a new federal Medicare prescription drug law going into effect in 2006. Employers are going to have to decide if they will continue to offer prescription drugs to retirees on Medicare or keep the prescription drug coverage for retirees with Medicare and receive a subsidy from Centers for Medicaid and Medicare Services (CMS) to help offset that cost. He recommended that we continue the prescription drug coverage and receive the subsidies from CMS.

Mr. Wall again requested if any board members had any other recommendations and/or suggestions for the staff to review.

Mr. Culotta stated that at some time the program will have to pass the burden onto the plan members in cutting benefits so that the premium increases will not be so significant that it hurts the overall population of the plan.

Mr. Culotta stated that the MCO rates were set last year very low and the actuary should have presented a proposal for setting a reasonable rate even if it was higher so that the MCO would not look so bad this year. The MCO looks bad because actuarially we were led in a direction that was low balled and should have had higher premiums so the MCO would not look like the big weight on the program. Mr. Wall stated that was an effort to try provide coverage for the lower paid employees.

Mr. Lincecum requested that the Board be provided with savings information if plan members would have mandatory generic prescription drugs and a closed formulary. Mr. Culotta stated that he has not received any complaints from retirees having to use a closed formulary in the MCO. He further stated that the MCO, which has a closed formulary, was not given proper credit for this when looking at the total cost to the plan for prescription drugs, which, in turn, caused the loss ratio for the MCO, appearing to be higher than it should have been. In addition he stated that, in his opinion, the MCO should have a deductible amount equal to the deductible amounts assessed in other plan options offered by Group Benefits. This, in turn, would be another factor that would allow the MCO to pay its way and not cause it to be a cost burden in the plan as a whole. Mr. Wall stated the staff would review a mandatory generic and closed formulary and provide information at the next Board meeting.

Mr. Culotta stated that he was looking for less drastic cuts that would still save the program money and keep the premiums as low as possible.

NEW BUSINESS

None

OLD BUSINESS

Mr. Lee asked about the building lease status. Mr. Wall stated that Facility and Planning was working on this and it would have to go out on bid.

Dr. Broussard asked about the school boards that were in arrears with their premiums. Mr. Wall reported that the Bogulsa City School System has paid its premiums. Franklin and Pointe Coupee Parish School Boards have a corrective action plan in place.

Mr. Temple asked if there are plans in place to deal with this issue, if it should occur again. Mr. Wall stated that the DOA, Attorney General's Office, Legislative Auditor's Office, Department of Education, and the State Treasury have such plans. There is language in the statute which refers to the ability to submit a warrant to the Treasury. OGB will most likely invoke the authority to withdraw directly from the Treasury to collect the premiums. Mr. Temple asked if there were any procedures to cancel a participating agency. Mr. Wall stated that OGB has the authority to cancel based on non-payment of premiums. Mr. Temple stated that firm policy and procedures need to be in place to protect OGB and the plan members. Mr. Temple requested that firm policies and procedures be developed and presented to the Policy and Planning Board at the next meeting in the event that an agency does not pay its premiums.

PUBLIC COMMENTS

Mr. Rick Ramsey stated that he is concerned that elimination of any plan, especially the MCO could cause serious hardship because the HMO plan may not be able to handle the additional plan members. Mr. Wall reported that the elimination of the MCO has not been decided. Mr. Ramsey was advised by the Humana representative that they could handle the additional membership if this happened.

Mr. Ramsey stated that the MCO was represented as having a terrible year, but had the lowest rate increase of the plans. Mr. Culotta stated that the actuary gave a very low ball rate increase last year.

Mr. Ramsey asked if there were rules for attendance by Board members at meetings. Mr. Wall reported that they must miss three consecutively scheduled meetings before any action can be taken. Mr. Ramsey stated that higher education needs representation and would like to see the representative at the meetings.

Dr. Broussard introduced and thanked Dr. Roland Dommert, executive director and Renee Sicone, members services coordinator with the Louisiana Retired Teachers Association, for coming to the meeting today.

<u>Next Meeting</u>

Mr. Wall stated that a meeting will be scheduled when information is available to review. Mr. Temple stated that at that time a special meeting will be scheduled.

ADJOURN

There being no further business to discuss, Mr. Temple adjourned the meeting, with no opposition.

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Mr. Aubrey Temple, Chairman