

MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

September 1, 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
Senator James David Cain
Dr. James Calvin
Dr. Barbara Cicardo*
Mr. Russell Culotta
Mr. James Donelon*
Mr. James Lee
Mr. Hubert Lincecum
Representative Tank Powell
Mr. Aubrey Temple

Members Absent

Mr. Mark Brown
Mr. Buford Huckleberry
Mr. Charles Lazare
Mr. Jimmy LeBlanc
Mr. William Quinlan
Mr. Jackie Self

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

*Mr. Donelon and Dr. Cicardo arrived after roll call.

APPROVAL OF MINUTES OF JULY 14, 2004 BOARD MEETINGS

The minutes of the July 14, 2004 meeting were presented for approval.

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

Mr. Lincecum suggested that a draft of the minutes be posted on the website after each meeting before they are approved. Mr. Temple stated that once the minutes were transcribed and faxed to all of the board members and no comments were received back within 72 hours, then the minutes could be posted on the OGB website clearly stating that it is a draft of the minutes.

RECONIZATION OF NEW BOARD MEMBERS

Mr. Wall stated he received the notification on Monday, August 30, 2004 that two new members have been appointed by the Governor to the OGB Policy and Planning Board. Mr. Buford Huckleberry has been appointed to the Private Sector At-large seat which was previously held by Mr. John Warner Smith. Mr. Mark A. Brown has been appointed to the Private Sector Certified Public Accountant seat which was previously held by Mr. Charles Castaing.

OGB PLAN OVERVIEW

Mr. Wall provided information on the news coverage that Louisiana is receiving regarding the Gastric Bypass Surgery Pilot Program. He has been interviewed by national television networks as well as international broadcasting networks.

Mr. Wall also presented a Progress Report of OGB, including following points:

- ✓ OGB covers 260,000 lives in the program
- ✓ Offers four insurance plan options
- ✓ Premium increases are in line with industry standards
- ✓ Cost Drivers
 - Increasing Plan Members
 - Gender of Members
 - Age of Members
 - Work Status
 - Pharmaceutical Costs – Under the national average
- ✓ Cost Savings Strategies
 - Explored seven-state purchasing coalition for pharmacy
 - Encouraged generic drug usage
 - Implemented closed formulary in one plan
 - Negotiated discount rates through PBM
 - Implemented Disease Management Programs
 - Instituted vesting requirements for retiree benefits

- Changed benefit plan designs
- Removed “wild card” option

Mr. Wall also discussed the awards that OGB has received as well as the national news coverage.

“LIGHTEN UP LOUISIANA” CAMPAIGN

Mr. Wall discussed the “Lighten Up Louisiana” Campaign. He explained that it is a five-month (August 30, 2004 – January 31, 2005) competition which encourages Louisianians to develop healthy activity and eating habits. Mr. Wall reported that OGB has 17 teams and approximately 140 employees competing. He stated that he was not competing but will lead by example, and he will weigh in publicly every Monday. Those interested can access the Lighten Up Louisiana website at www.lightenuplouisiana.org or it can be accessed through the OGB website.

Rep. Powell commended the governor on this campaign for Louisiana. But, he also reported that in the last legislative session two separate bills were introduced that would have eliminated the sugar soft drinks and the candy from our schools but both were killed. He reported that many felt the profits from the candy and drinks were more important than the welfare of our students. Mr. Wall reported that the “Louisiana for Kids” campaign will roll out next year, to promote good eating habits at a very early age.

Mr. Wall cautioned everyone starting an exercise or diet program who has any significant health care concerns to speak with their doctor.

Senator Cain left the meeting at this time.

FY 2005-06 PLAN OF BENEFITS

Mr. Wall commented on the Mercer report which stated that the total cost of health-care benefits per employee will rise an average of 9.6% next year. Also, if employers were to take no new measures and simply continue with current health-benefit plans, the employers say their costs would rise more steeply, an average 12.6%.

Mr. Wall also discussed a news release regarding the consumer-driven health care plans. He stated that he is not advocating these type of health plans as a cost control measure because 10 percent of individuals account for 69 percent of health care costs. That 10 percent are the chronically and terminally ill individuals who require extensive care with limited options. Reasons to offer a consumer driven plan include enabling young and healthy individuals to save money for future health care expenses or providing an opportunity for individuals to save tax dollars on health care expenses, depending on income level. Mr. Wall reported that the consumer driven health plan is a viable option and should be considered. Mr. Wall provided the Board with a comparison of health care accounts and summary of the

different types of plans available. He reported that the FSA account we offer now needs more enrollment. Retirees cannot participate by federal law. Employees are leery of these types of plans, because if they don't use the funds then they lose them. The plan now has a debit card, so there are no longer forms to fill out.

Mr. Wall presented a spreadsheet which included the EPO, PPO, MCO & HMO, and an HSA and HRA plan offering. This is only for informational purposes. Mr. Wall stated the HSA is a Health Care Savings Account and the HRA is a Health Care Reimbursement Account. Mr. Wall explained that the HRA is the same as the Definity Pilot Program at LSU. HSAs were approved in the Medicare Modernization Act in December. One major difference is that in an HRA the employer owns the reimbursement account. If the plan member leaves, they don't take the money with them, and only the employer can contribute to it. In an HSA, the employer and employee can contribute to this account and the employee owns the HSA account. If the employee leaves they can take the money with them. The negative for the employer is that the employee can withdraw the money down at any time they wish if they pay taxes on it. HSAs can only be offered with a high deductible health plan for which there is a mandatory \$1,000 minimum deductible for a single employee and \$2,000 for a family.

Mr. Wall recommended offering an HSA option for plan members next year. Mr. Wall stated that the HSA plan design that is presented has the following:

Single - deductible*	\$1000
Coinsurance	
Maximum out-of-pocket	\$5000
Family – deductible*	\$2000
Coinsurance	
Maximum out-of-pocket	\$10,000
Primary care physician	\$25 copay
Specialist	\$35 copay
Inpatient	\$150 per day \$450 maximum per admission
Outpatient surgery	\$200 copay
Outpatient non-surgical	\$100 copay
Emergency room	\$150 copay
Prescription drugs	50% per script up to \$50 maximum
Maximum out-of-pocket	None
Out-of-network	

Mr. Donelon requested that Mr. Wall provide the Board with a risk fee that can be charged to lower the cost for providing this coverage for the entire plan.

* Mandated by federal law

A motion was made by Mr. Lincecum seconded by Mr. Donelon to explore and report recommendations for an HSA plan for July 1, 2005.

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	
Dr. Cicardo	
Mr. Lee	
Mr. Lincecum	
Rep. Powell	
Mr. Temple	

With seven (7) yeas, and one (1) nay, and eight (8) affirmative votes required, the motion failed.

Mr. Wall requested from the Board any cost cutting suggestions and/or recommendations. Mr. Wall stated that he is considering offering only two plans, a broad option with out-of-network benefits, low out of pocket copays, broad network, and the other option would be a lower cost option. Mr. Wall noted that the two of the three study commissions have recommended more options instead of fewer.

A motion was made by Mr. Lincecum seconded by Dr. Broussard to request the CEO and actuary to explore the feasibility of offering two plans, a PPO and HMO copay type, in addition to an HSA option.

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

<u>Yeas</u>	<u>Nays</u>
Dr. Broussard	
Dr. Calvin	
Dr. Cicardo	
Mr. Culotta	
Mr. Lee	
Mr. Lincecum	
Rep. Powell	
Mr. Temple	

With eight (8) yeas, and no (0) nays, the motion passed.

CEO REPORTS

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

Mr. Wall reported that there will be a minimum of a 15 percent increase in premiums for the program next year if no benefit changes are instituted.

NEW BUSINESS

Public Records Request

Mr. Wall presented for informational purposes copies of public records request from the Louisiana Independent Pharmacies Association, which is very concerned about the reimbursement structure under the new PBM. Mr. Temple asked how it impacted pharmacies. Mr. Wall explained that under the old PBM contract OGB paid AWP minus 13 percent for brand name and generic drugs. OGB is now paying AWP minus 15 percent for brand names and AWP minus 30 percent for generic drugs. Also, under the old contract OGB paid \$2.00 per script for dispensing fee and now OGB is paying \$1.75 per script under the new contract. Comparing this to other states, OGB has a favorable contract.

OLD BUSINESS

Mr. Wall presented for informational purposes articles concerning Canadian prescription drug program issues and responsibilities.

Mr. Wall also presented for informational purposes an article from the *Business Report* which references the Office of Group Benefits efforts with the pharmaceutical benefits management.

Mr. Culotta asked about the MCO loss ratio and the discontinuance of the plan. Mr. Wall stated that the MCO has to be self supporting, and cost in that plan will go up because it has exceeded the 95 percent loss ratio.

Mr. Lincecum stated that the New Orleans District Attorney's Office will now participate in the OGB program. Also any member of the National Guard who can not get insurance through their employer can participate and they pay 100 percent of the premium cost. These two groups have been allowed to participate through legislative acts that were passed in the 2004 Regular Legislative Session.

Dr. Broussard asked about the building lease status. Mr. Wall stated that the building lease bid is being finalized by Facility and Planning and may be released in the next week.

Dr. Cicardo reported that in Lafayette there is an increasing number of physicians who do not participate in Medicare. She asked if there was any source that employees can contact to help them. Mr. Wall stated that he was unaware of any source that could help.

Dr. Calvin asked about outsourcing versus in-house operations. Mr. Wall stated that OGB must have some outsourcing because of fluctuation in claims. Mr. Wall stated that the outsourcing contractor for our claims is located in Florida. Dr. Calvin asked why we don't give the contract to Louisiana based company. Mr. Wall explained that the lowest bid from a Louisiana based company was a \$1 million more than the contractor who was awarded the contract.

Mr. Temple stated that the next board meeting will be on Wednesday, September 29, 2004.

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