

MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

July 6, 2005

CALL TO ORDER

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

ROLL CALL

Members Present

Sen. James David Cain
Dr. Barbara Cicardo
Mr. Russell Culotta
Mr. James Donelon*
Mr. Buford Huckleberry
Mr. Jimmy LeBlanc
Mr. James Lee
Mr. Hubert Lincecum
Rep. Tank Powell
Mr. Jackie Self
Mr. Aubrey Temple

Members Absent

Dr. Merline Broussard
Mr. Mark Brown
Dr. James Calvin
Mr. Charles Lazare
Mr. William Quinlan

Roll call indicated 10 board members present, representing a quorum.

*Mr. Donelon arrived after roll call.

APPROVAL OF MINUTES OF MARCH 23, 2005 BOARD MEETING

The minutes of the March 23, 2005 meeting were presented for approval. There being no objections, the minutes were approved as presented.

ELECTION OF OFFICERS FOR 2005-06

Secretary

Mr. Temple opened the floor for nominations for the office of secretary/treasurer of the Board.

Mr. Lincecum nominated Mr. Lee. The nomination was seconded by Mr. Culotta.

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

Vice Chairman

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

Mr. Lee nominated Mr. Lincecum. The nomination was seconded by Mr. Huckleberry.

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

Chairman

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

Rep. Powell nominated Mr. Temple. The nomination was seconded by Senator Cain.

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

Mr. Wall reported that Dr. Broussard was not able to attend the meeting today, but would be listening by phone. Mr. Temple stated that Dr. Broussard would not be voting on any issues presented to the Board today.

FY 2006-07 PLAN OF BENEFITS

Mr. Wall reported that OGB would be contracting for HMO and insurer services. This is the last year of the three-year contract cycle. In August or September a Notice of Intent (NIC) will be issued for those services. The NIC will allow vendors to bid fully-insured or self-insured.

Mr. Wall presented several articles that show what is going on in the health care marketplace nationally and internationally. The articles covered such topics as the Canadian health system, health care cost trends, surcharges for smokers, and high drug co-payments in Georgia.

Rep. Powell asked if we have invited the Division of Administration to send a representative to the OGB Policy and Planning Board meetings. Dr. Cicardo reported that we have, and they attended once or twice. Mr. Temple stated that was under the previous administration.

After further discussion, Rep. Powell made a motion, seconded by Dr. Cicardo, to submit a resolution with the intent to invite a representative from the Division of Administration to attend the OGB Policy and Planning Board meetings so that they are aware of the operations of the OGB office and the importance of OGB to state employees. The motion was unanimously approved.

Mr. Wall stated that three presentations will be presented to the Board by health plans that have both Louisiana and national presence to give information on what their ideas are on giving a low-cost option for health plans. The target of these presentations was a 10 percent lower cost than the HMO offering that OGB has. The presentations were given by Mr. Mike Reitz and Mr. Mike Hayes with Blue Cross Blue Shield of Louisiana, Ms. Jennifer Ewing and Ms. Julie Puyau with Humana, and Mr. David Lewis and Brian Statham with United Healthcare Group Company.

Mr. Temple asked how Louisiana's plan differs from other state plans. Mr. Lincecum stated that based on all the information he gets from the State and Local Government Benefits Association, we rank in the middle. Mr. Donelon advised that Louisiana has a very competitive market with several national companies.

Mr. Lee addressed several articles he provided to the Board regarding generic drugs and pill splitting issues. He believes if everyone was mandated to use generic drugs it could have a significant savings for the program. Mr. Lincecum asked the Catalyst representative if pill splitting was an accepted practice. Ms. Shavon LeBlanc with Catalyst explained the different conflicting issues involved in pill splitting. One problem is that not all medicine is manufactured to be split. She also reported that the FDA has not taken a stand on the issue of pill splitting.

Mr. Temple asked if prescription mail ordering has any real cost savings. Ms. LeBlanc with Catalyst stated that the mail order level of savings was minimal. Mail order is for the convenience of those members who live in rural areas and may not be able to get to the pharmacy.

Mr. Lee stated that he would like to see a plan for savings next year to include possible mandatory generic drugs. Mr. Wall reported that information from Catalyst indicates that approximately 47 percent of OGB plan members currently use generic drugs, and this number is increasing.

Mr. Wall stated that the next OGB Policy and Planning Board meeting will be July 29, 2005, at 10:00 a.m. At the meeting a presentation will be given regarding Medicare Part D, which is important for retirees in the program, and discussions will continue regarding the plan of benefits for next year.

LIFE INSURANCE

Mr. Culotta reported on the life insurance programs problem with some school board systems offering a life insurance policy with Lafayette Life Insurance to their active employees and excluding retirees, which is in violation of state law.

Mr. Culotta stated that the Insurance Committee met on June 8, 2005, and discussed the situation. Mr. Lincecum reported to the committee that Mr. Wall sent a letter out to all of the school boards advising them of the issue involved in offering non-OGB life insurance products to their employees.

Mr. Culotta reported that Prudential Life Insurance representatives stated that new employees from these school boards who had signed up with Lafayette Life would not be able to switch to Prudential unless they came in under an evidence of insurability. Mr. Wall suggested to the Insurance Committee that the switch take place during the 2006 plan year. This would allow those employees that want to get back in the OGB life insurance program to do so without an evidence of insurability. Mr. Culotta stated that committee discussed this at length and felt the Board is aware of the law being broken and is doing nothing about it. The committee requested that the OGB Board counsel draft a letter to the Governor with a copy going to the Commissioner of Administration, Senate Committee on Finance members, and House Appropriations Committee members, advising the Governor of the situation and consequences that may ensue to active and retired employees in the OGB-sponsored life insurance plan as a result of recent actions by some participating employers by offering an alternative life insurance program directed to its active employees only. The committee asked that Mr. Temple sign this letter on behalf of the OGB Policy and Planning Board.

Sen. Cain requested that the letter also be sent to the Senate and House Insurance Committees members. Sen. Cain asked if there was any penalty for these agencies. Mr. Wall stated that the agency can be removed from participating in both the health and life insurance programs offered by OGB.

Mr. Lincecum stated that several months ago this was a major crisis but after dealing with the effected school boards, most of them have been cooperative. Richland Parish School Board is in the process is submitting documentation back to OGB on the participants who went in the Lafayette Life plan. Ouachita Parish School Board has sent half of their information and the rest of it is expected at the end of the week. Washington Parish and St. Tammany Parish School Boards have responded. These are all of the agencies that offered Lafayette Life. St. Tammany Parish had the most employees switch to Lafayette Life and they are now in the process of switching these employees back to the OGB-sponsored life insurance program.

Rep. Powell stated that he felt that OGB should not wait to allow St. Tammany Parish School Board to come back into the life insurance program in January 2006, but come back in now. Sen. Cain suggested holding a hearing on this in the Senate Insurance Committee and will send the attorney for the Senate Insurance Committee to speak to the school board association. Mr. Wall stated that he spoke at this year's school board association meeting and this was one of the issues discussed.

A motion was made by Mr. Culotta, seconded by Rep. Powell, to have Mr. Temple sign and send the letter regarding the life insurance program to Governor Kathleen Babineaux Blanco. There being no objection, the motion passed.

NEW BUSINESS

Mr. Wall reported that OGB would be hosting a Regional Conference on Self-Administration for members of the State and Local Government Benefits Association on August 1 & 2, 2005, with approximately eight states participating in the conference.

OLD BUSINESS

Mr. Lincecum apologized to the FARA representatives concerning the comment he made at the last Board meeting regarding the effect that the rate increase would have on the FARA plan and "that you will probably be able to put all of the remaining FARA plan members in a phone booth in Dry Prong." He said he was wrong, and not as many members opted out of the FARA plan as he thought would, and for someone to agree to pay an 80 percent rate increase to keep their plan is a credit to FARA's customer service and the FARA provider network.

PUBLIC COMMENTS

No request for public comments.

ADJOURN

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

Mr. Aubrey Temple, Chairman