

MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

November 7, 2005

CALL TO ORDER

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

ROLL CALL

Members Present

Dr. Marline Broussard
Dr. James Calvin
Dr. Barbara Cicardo
Mr. Russell Culotta
Mr. James Donelon*
Mr. Charles Lazare
Mr. Jimmy LeBlanc
Mr. James Lee
Mr. Hubert Lincecum
Mr. Jackie Self
Mr. William Quinlan
Mr. Aubrey Temple

Members Absent

Mr. Mark Brown
Sen. James David Cain
Mr. Buford Huckleberry
Rep. Tank Powell

Roll call indicated 11 board members present, representing a quorum.

*Mr. Donelon arrived after roll call.

APPROVAL OF MINUTES OF JULY 29, 2005 BOARD MEETING

The minutes of the July 29, 2005 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 objections, the minutes were approved as presented.

FY 2006-07 PLAN OF BENEFITS

Mr. Wall presented the proposals received from FARA, Humana, United HealthCare, and Vantage, and they have been forwarded to the Division of Administration for review. He reported that DOA has directed OGB to renew plans with the minimal amount of disruption for our plan members. OGB is proceeding with renewing the same plan of benefits with the current vendors for FY 2006-07 and competitive bids will be requested for the FY 2007-08, plan year.

Mr. Wall reported that he advised the Budget Office to include a premium rate increase as high as 17.5 percent for budgeting purposes. The final premium increase amount will be determined next year in approximately March 2006.

The other issue facing OGB is determining enrollment next year due to the effects of hurricanes Katrina and Rita. The status of St. Bernard, Jefferson, and Tangipahoa parishes is unknown. Mr. Temple asked how the vesting rules will affect these plan members should they have a break in their plan participation. This would be because their employment status was affected by the possibility of layoffs and furloughs in the agencies in the affected areas of the state. Mr. Wall stated that if a plan member suffers a lapse in participation in OGB, he/she is no longer grandfathered and would have to adhere to the standard vesting requirements. Affected members could maintain COBRA benefits if they choose, which would not affect their participation in the program. Mr. Wall reported that legislation has been filed by both the Division of Administration, as well as a legislator from St. Bernard Parish, which may provide some relief for plan members.

Dr. Broussard asked Mr. Wall to address the problems that retirees may face especially in St. Bernard, Jefferson, and Cameron Parishes. Mr. Wall reported that there is proposed legislation to be filed in the special session to deal with these issues.

Mr. Wall reported on the furlough status issue, stating that the term furlough has not been clearly defined by Civil Service. The issue is that agencies have different policies and some may have people who are furloughed and receive their salary, some may be furloughed and receive no salary and only receive their benefits, and others may have people furloughed that don't receive a salary or benefits.

Dr. Broussard asked if the premiums of retirees are totally dependent on the MFP. Mr. Wall stated that by a practical matter a large portion of some school boards funds come from the MFP. Without the MFP some school boards may not be able to fund the retiree's health premiums. The only legislation currently that Mr. Wall is aware of is only for St. Bernard Parish School Board. Mr. Lincecum stated that not all legislation has been completely drafted.

Mr. Lincecum reported that St. Bernard Parish School Board is currently trying to get its school system up and running for the people who have returned to their homes in St. Bernard Parish. Mr. Lincecum also stated that according to the St.

Bernard Parish School Board website there is a message notifying active and retired employees that there are enough funds to pay health insurance premiums through December 31, 2005.

Mr. Temple asked about the Definity plan, which is available to the Louisiana State Universities employees, employees of the LSUHSC (Charity Hospital) and the Louisiana Legislature employees. Mr. Temple asked about the retirees in these agencies. Mr. Wall stated that the retirees in these agencies do not overwhelmingly select the Definity plan. Mr. Temple stated that in the report to the Legislative Oversight Committee the board should advise the committee that there is a deficit being picked up by OGB because of the low enrollment of retirees in the Definity plan remaining in the OGB plans. Mr. Lincecum reported that LSU has 28,000 active employees eligibility for all of our plans. Of the 28,000 employees the Definity plan has approximately 7,500 members. Definity is not actively marketed to the employees in the Charity Hospital System. Mr. Lincecum stated that when OGB representatives have their annual enrollment meetings for the Charity Hospital System employees, only a very few meetings was there a Definity representative to explain the Definity plan. Mr. Temple stated that the OGB Policy and Planning Board needs to inform the Legislative Oversight Committee of the results the Definity plan is having on the OGB plans.

Mr. Temple asked that OGB review the contract with LSU concerning the Definity plan and to determine if they are adhering to the contract and if not, put the information in the annual report from the OGB Policy and Planning Board to the Legislative Oversight Committee.

Mr. Wall reported Prudential has agreed to renew the contract for one year for the life insurance program and next year OGB will solicit proposals for the life insurance program.

Mr. Culotta asked the status of the school boards that dropped out of the life insurance program. Mr. Wall reported that St. Tammany Parish School Board will return to the OGB life insurance program in January 2006. He had no information on when Ouachita Parish will be returning, but they have indicated they will be returning. Richland Parish School Board has already returned to the life insurance program.

NEW BUSINESS

Mr. Wall announced that he has notified the Division of Administration that he will be retiring. The Division is searching for a CEO for OGB. He was advised that they have received as many as 25 applications. Mr. Wall reported that he will remain with OGB until the position is filled, and will remain for the transition period if necessary.

Mr. Temple asked if Mr. Wall would request a copy of the applications that have been received and advise of the process that DOA is using to hire the new CEO. Mr. Temple stated that he hopes that the DOA will involve the Policy and Planning Board in the process.

Mr. Temple thanked Mr. Wall for the great and diligent job he has done for OGB, the Policy and Planning Board members, and the employees of the State of Louisiana.

Mr. Wall advised the Board that his decision to leave was made before the hurricanes Katrina and Rita, and he was to leave on October 1, but deferred leaving until this crisis has passed.

Mr. Wall also reported that in the next few months OGB will be URAC accredited and, unfortunately, he will not be with the agency to see this occur.

Mr. Culotta asked what would be the average premium increase for next year. Mr. Wall stated for budgeting purposes the Budget Office was given 17.5 percent premium increase for next year. Mr. Wall stated that this is only projected and there are too many unknowns at this time to project it more accurately. Mr. Temple asked how the medical claims were affected due to the hurricanes. Mr. Wall stated that claims went down as low as 65 percent, but they have now increased to normal.

Mr. Wall announced that a lease agreement has been signed with Bonne Carre and the OGB Baton Rouge office will be moving sometime in the next nine months to a new location.

Mr. Wall also introduced the new actuary, Mr. John Bauerlein with Milliman, Inc, from Atlanta, Georgia. Mr. Steve Eschbach has left Milliman, whose Denver office will no longer support a health care consulting group. The Atlanta office was chosen because they have handled the State of Arkansas employee health care program, and Ms. Sharon Dickerson the director of the State of Arkansas employee health care program has spoken very highly of Mr. Bauerlein. Mr. Wall reported that Mr. Eschach has agreed to be available during the transition period if needed.

OLD BUSINESS

Mr. Wall provided the Board with a handout of the actions taken by the Program in response to plan member needs in the areas affected by the storms, including:

- Allowed all plan members who lived in zip codes starting with 700, 701, 704 and 395, 396, 705, and 706 (plus zip code 70377) who wanted to switch to the PPO or the EPO to do so. The EPO has a nationwide network of physicians and hospitals. Plan members were advised to contact their agency headquarters or call OGB for assistance at 1-800-272-8451.
- PPO, EPO, and MCO plan members were advised they could print a two-year history of their medical claims, including lists of lab and x-ray tests, and prescriptions from the OGB website at www.groupbenefits.org. This would be especially useful for plan members seeing new providers.

- EPO, PPO, MCO plan members were able to use out-of-network pharmacies without having to pay a penalty.
- EPO, PPO, MCO, and Humana HMO plans were able to refill prescription drugs without the usual refill-too-soon restrictions.

Mr. Wall provided information regarding enrollment issues that may impact OGB by state agencies and other entities in the program in the affected areas.

Mr. Wall stated that there was only one agency that was more than 60 days in arrears for paying premiums. OGB has not been able to contact Poverty Point Recreational District, which only had one member in the Program.

Mr. Wall provided the Board with data on plan members in the affected hurricane disaster areas and tracked their pharmacy charges, post hurricane. This gives an idea of where plan members are currently located throughout the United States.

Mr. Wall also provided the Board with information sent out to all state agencies regarding immediately notifying OGB and any enrollment changes. We have had a small problem with agencies that retroactively terminated employees because some agencies are not properly and timely entering those terminations into our system. This results in OGB paying claims during the intervening time. With the possibility of additional layoffs and furloughs, we are bringing the agencies attention to this issue. From this point on if there is a retroactive termination OGB will pull claims history and if any claims were paid during that time the information will be turned over to the Legislative Auditor's Office, because state funds should not be spent on unauthorized personnel. OGB should not pay claims for employees who no premiums have been collected. This has been a major issue for our vendors as well.

Dr. Broussard asked for the success rate of recouping payments to providers for claims that were incorrectly paid and/or overpaid. Mr. Wall advised that we recoup approximately 98 percent because it is deducted from their next payment.

PUBLIC COMMENTS

No request for public comments.

ADJOURN

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

Mr. Aubrey Temple, Chairman