

**MINUTES**  
**POLICY AND PLANNING BOARD MEETING**  
**OFFICE OF GROUP BENEFITS**

**January 12, 2007**

**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  
Mr. Russell Culotta  
Mr. Jimmy LeBlanc  
Mr. James Lee  
Mr. Hubert Lincecum  
Rep. Tank Powell  
Mr. William Quinlan  
Mr. Jackie Self  
Mr. Aubrey Temple

**Members Absent**

Mr. Mark Brown  
Sen. James David Cain  
Mr. Buford Huckleberry  
Mr. Scott Kipper  
Mr. Charles Lazare  
Dr. Stan Mays  
Mr. Rick Ramsey

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

## **APPROVAL OF MINUTES OF THE JULY 18, 2006 BOARD MEETING**

The minutes of the meeting of July 18, 2006 were presented for approval.

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

Mr. Teague introduced Mr. Charles Jumonville, Jr. as OGB's new information technology director. He was previously the assistant director of IT at the Louisiana Department of Labor.

## **DISCUSSION OF RESPONSES TO NICs AND ITBs**

### **Medicare Advantage Plan**

Mr. Teague reported that OGB received responses on the NIC and Mercer is currently reviewing them at this time.

Mr. Tomczyk, actuary, reported that the following carriers responded to the NIC.

- Aetna
- Humana
- People's Health
- United
- Vantage Health Plan

Mr. Tomczyk and Mr. Teague reported on the pricing comparison of each carrier, a Humana HMO design comparison and a Humana Private Fee For Services (PFFS) design comparison.

Mr. Culotta asked if there were any disadvantages to offering the Medicare Advantage or Private Fee For Service plans. Mr. Teague advised that the disadvantage would be that the PPO plan may lose some membership. Overall it will save the state and members money, and decrease the GASB 45 liability for the state. Mr. Teague also stated that these are strictly voluntary plans.

After discussion, a motion was made by Mr. Lincecum, seconded by Mr. Lee to recommend Humana as the vendor for the Medicare Advantage HMO and Private Fee For Service program. There being no objections, the motion passed.

### **Medical Plans**

Mr. Teague reported still outstanding is the NIC for the medical plans for next year. OGB is not in a position to make a recommendation because the grading

process is ongoing. The proposers are being required to reprice claims they have been provided from three different regions.

### **Prescription Benefits Manager**

Mr. Teague reported that OGB issued an NIC for a prescription benefits manager. The following vendors submitted proposals:

Caremark  
Catalyst  
ESI  
Medco  
Medimpact  
NMHC

The proposers were asked to submit two options. Option one is the current benefit design. The member pays fifty percent of the drug cost up to maximum of \$50 copayment per drug (whether name brand or generic) with a maximum \$1,200 out-of-pocket cap per year. After the cap is met, generics are \$0 and brand name drugs are \$15. Option two is a \$5 copay for generic drugs, 50% up to \$40 for a formulary brand, 50% up to \$80 for a non-formulary brand. Under option 2 there would be no maximum out-of-pocket cost. The focus on option two pricing would stress generic drugs.

Mr. Tomczyk reported on the process that was done to analyze the proposals. He reported that Catalyst was the most cost effective under both options.

Mr. Teague recommended Catalyst as the prescription benefit manager to the Board. He would like to have a plan that encourages generics without unduly hurting any plan member who has no choice but to use a brand name prescription drug. Currently under the plan design now there is no incentive to use generic.

After discussion, a motion was made by Mr. Lee, seconded by Mr. Lincecum to recommend Catalyst as the prescription benefit manager. There being no objections, the motion passed.

### **Disease Management**

The NIC for Disease Management is also outstanding, the proposals have been received and are in the grading process.

## **Life Insurance and Flexible Benefits Administrator**

Mr. Teague advised the Board that the life insurance and flexible benefits administrator contracts are handled by the State Purchasing Office and follows the procurement code laws.

The flexible benefits administrator three years ago was chosen by the Office of State Purchasing. It selected the lowest bidder, 1 Point Solutions. A couple of months ago OGB became aware of allegations that money was missing from 401-k plans administers with them. But OGB members were still using their accounts without incidence. Soon after this time the federal government moved in and shut down the operation and froze the bank accounts of 1 Point Solutions. OGB was paying 1 Point Solution on a daily basis so they were not holding much of our money. OGB worked with State Purchasing and had a new vendor in 72 hours that took over the administration and issued new cards. The only people affected were members who ended up with NSF checks. The problem was OGB paid 1 Point Solutions and if OGB pays them again, then that is considered making an overpayment because the same claim would be paid twice. OGB requested an opinion from the Attorney General's office. This opinion stated that OGB could pay those NSF checks, which amounted to approximately \$42,000. Members were notified to send OGB the NSF check, any bank charges they had incurred, and a subrogation form signed by them. OGB will reimburse them and then seek to recover the funds from 1 Point Solution in bankruptcy court.

## **DISCUSSION OF TRICARE**

Mr. Teague reported that previously the Board discussed offering a TRICARE supplemental plan to those state employees and retirees who were previously career military people. For those plan members who switched coverage, their medical liability transferred to the federal TRICARE program at a very small cost to the state (paying only their supplemental premium as opposed to paying 75% of the regular premium). Now the federal government has passed the John Warner National Defense Authorization Act that will be effective January 1, 2008, which prohibits any employer from offering any financial or other incentive to a TRICARE eligible employee not to enroll or to terminate enrollment under a group health plan that would be primary to the TRICARE. . OGB will have to notify the current 300 members enrolled in the Tricare Supplemental plan that effective January 1, 2008, OGB will not be allowed to pay 100% of that supplemental policy premium. OGB is trying to get clarification to see if the program can pay the same percentage for that supplemental plan that we pay for all of the other plans and continue to offer that TRICARE supplement with the member paying 25% of that small premium. It is not clear if this will be possible.

## **DISCUSSION OF MILLIMAN OPED POTENTIAL LIABILITY REPORT**

Mr. Teague reviewed the Milliman report on the Actuarial Valuation of Postretirement Benefits under GASB 45. This item will have to be a line item liability on the state budget next year. The federal government currently does not require the liability be funded but it must be recognized on the state's financial statements.

## **PROPOSED RULE CHANGES**

### **Standardize Lifetime Maximum Benefit Level for all plans at \$3 million pp**

After discussion with the Board, it was recommended that a new lifetime maximum for all plans be set at \$5 million, which will include prescription drug cost benefits.

### **Increase Prescription Drug Lifetime Benefit Maximum to \$500,000**

After discussion it was recommended that this cost be included in the \$5 million lifetime maximum benefit level.

These two changes will be effective July 1, 2007.

## **DISCUSSION OF OPERATIONAL ACTIVITIES**

Mr. Teague reviewed the operational activities reports. Mr. Teague reported that OGB started the plan year with a negative \$32 million fund balance. As of December, the fund balance is \$96 million, and \$172 million in the bank and in receivables. This is a complete turnaround since June 2006. Two items that contribute to the positive fund balance is the Part D subsidy for prescription drugs savings, and the other is the result of the Humana plan being self-funded as of July 1, 2007.

Mr. Teague provided a report that he received from LSU on the Definity plan to the Board along with a July 1, 2006 premium rate sheet.

## **SUMMARY OF PROPOSED 2007-08 FISCAL YEAR OGB BUDGET**

Mr. Teague reported on the proposed 2007-08 fiscal year OGB budget. OGB requested a total budget of \$1,288,797,002 which was a \$51 million increase from last year. The Division of Administration approved the budget with a decrease of \$1.2 million in the request.

## **OLD BUSINESS**

None

## **NEW BUSINESS**

Mr. Teague provided the Board with a copy of a letter that Vantage Health Plan sent to their plan members advising them of non-participation for next year. Mr. Teague reported that Vantage chose not to bid on the current NIC so those members in the Monroe area will have to choose a new plan. All correspondence to our members should be approved by OGB before being sent out, but Vantage chose to send a letter informing plan members that Vantage will not be offered next plan year. OGB's customer service section is handling those phone calls and advising those plan members that Vantage simply chose not to bid under the current NIC. He has been advised that Vantage has requested a meeting with the governor. Vantage said they could not bid except on a fully-insured basis. The other plans under consideration have the same doctors and facilities as Vantage.

Mr. Teague reported on Civil Service and OGB developing an Employee Assistance Program (EAP) for all state employees. The only way this will work is that the Mental and Substance Abuse vendor for the OGB program would have to be the EAP administrator, because the two benefits go hand in hand. The Division of Administration has approved a tentative joint project between Civil Service and OGB to launch an Employee Assistance Program and develop the features it needs and to make it cost effective or cost neutral.

Warden Leblanc requested information regarding the Morbidly Obese Study that OGB was conducting. Dr. McKnight, OGB medical director reported that two studies were done at the same time. One was of 40 patients with gastric bypass surgery. The surgeries are completed and they have almost completed the two-year follow-up study of these patients. The other study done with Pennington Biomedical Center had 500 members enrolled, 250 were treated with liquid diets and the other 250 were given the usual care and that study is still ongoing. He stated that the cost data for either study is not ready to be presented at this time.

## **PUBLIC COMMENTS**

Department of Corrections (DOC) Secretary Richard Stalder addressed the Board on behalf of the employees of the DOC and provided them with some of the problems that DOC employees have regarding understanding the issues of their health insurance coverage. He requested that the state pay for 100% of any premium increase next year and that OGB enhance the Health Spending Account program.

Vantage Health Plan representative Mr. Billy Justice addressed the Board and explained the position that Vantage took regarding not bidding on the Administrative Services Only (ASO) contract.

## **ADJOURN**

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

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**Mr. Aubrey Temple, Chairman**