



State of Louisiana
Office of Group Benefits
P.O. Box 44036
Baton Rouge, Louisiana 70804



MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

November 21, 2008

Area offices

Alexandria

318.487.5731

800.813.1578

Baton Rouge

225.925.6625

800.272.8451

Lafayette

337.262.1357

800.414.6409

Lake Charles

337.475.8052

800.525.3256

Metairie

504.838.5136

800.335.6208

Monroe

318.362.3435

800.335.6206

Shreveport

318.676.7026

800.813.1574

TDD

225.925.6770

800.259.6771

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
Sen. "Butch" Gautreau
Mr. Kenneth Krefft
Mr. James Lee
Ms. Janet Lorena
Mr. Rick Ramsey
Mr. Philip Rebowe
Mr. Jackie Self
Mr. Aubrey Temple
Ms. Karen Reiners Winfrey

Members Absent

Rep. Robert Billiot
Mr. Buford Huckleberry
Dr. Daniel "Stormy" Johnson
Mr. Hubert Lincecum

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

An
Equal
Opportunity
Employer

APPROVAL OF MINUTES OF THE OCTOBER 13, 2008 BOARD MEETING

The minutes of the October 13, 2008 meeting were presented for approval.

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

MERCER ACTUARIAL REPORT

Mr. Tomczyk reported that the premium surplus/deficit was \$69,647,000 and the fund balance was \$340 million. He explained that the incurred cost per active member was \$4,176 for the PPO plan, \$3,549 for the HMO, and \$4,078 for the EPO. He said the use of generic prescriptions is at approximately 60 percent, which has held down prescription drug cost for OGB plan members and can potentially generate additional savings. The cost for retail generic is at approximately \$18.00 per script. Also the cost for brand name drugs is up 17 percent.

DEPENDENT VERIFICATION PROJECT

Mr. Teague reported that verification documentation has not yet been submitted for approximately 22,157 dependents and 104,375 dependents have been verified. If the number were to remain unchanged, OGB would save \$12.7 million in claims expense and agencies would save \$8.5 million in employee premium contributions.

Mr. Teague explained that the deadline for OGB to receive all documents is November 30, the Sunday after the Thanksgiving holiday. This means OGB must receive this information by November 26. On December 5, OGB will generate termination letters to members with unverified dependents stating that coverage for such ineligible dependents ends December 31 and listing the amount they owe OGB for claims paid on behalf of each ineligible dependent. He further explained that OGB is required to make a good-faith effort to recoup those expenditures. OGB will also notify each agency regarding the amount of the state share of premiums paid for such ineligible dependents so agencies can take appropriate steps to recoup those amounts from employees. Plan members who provide dependent verification documents by March 4, 2009, and pay back premiums will have coverage for those dependents reinstated effective January 1, 2009. Otherwise, dependents will be considered late applicants subject to pre-existing condition limitations.

CEO REPORT – OPERATIONAL ACTIVITIES

Mr. Teague reviewed the operational reports which indicated a claims loss ratio of 57.57 percent in September 2008. OGB received 90,887 claims in the month of September and the average turnaround time for claim payment was 3.9 days. Mr. Teague reported the administrative cost for September, 2008 was \$2.4 million, representing only 2.5 percent of OGB's revenue. The September fund balance is approximately \$325 million.

OLD BUSINESS

Mr. Ramsey asked if OGB has received any reports from Definity. Mr. Teague stated that OGB has not but he will contact Mr. Ken Krogstad regarding the reports.

Mr. Temple addressed the issue that there are Board members that have missed three or more consecutive Board meetings. He explained that it is very important that members attend and be proactive in representing plan members. Mr. Teague stated that Dr. Daniel "Stormy" Johnson has never attended a meeting since he was appointed in July 2008 and that Mr. Buford Huckleberry has missed the last three scheduled meetings. Mr. Tommy Benoit, Board Counsel, reported that the applicable statute states that the Board shall remove any members that have missed three consecutive meetings.

After discussion a motion was made by Mr. Temple, seconded by Mr. Krefft to remove Dr. Johnson and Mr. Buford Huckleberry from the Board and inform the Governor's office of the vacancies. There being no objection the motion was unanimously passed.

Public Comments at Board Meetings

Mr. Temple discussed the plans to formulate procedures for the public comment portion of the Board meetings so that it prevents discussion of individual cases by plan members. Mr. Ramsey stated that he was opposed to the resolution in its current form. Mr. Temple requested that Board members review the draft and provide recommendations at the next meeting.

Gastric Bypass Study

Mr. Teague reported that in the 2008 Regular Legislative Session two resolutions, HR 169 and SR 160, were passed to urge and request the Office of Group Benefits to study the bariatric surgery demonstration program

initiated in 2004 and provide a written report of the results of the study to the Senate Committee on Health and Welfare no later than January 5, 2009. A preliminary report was issued in early 2006 of the 40 gastric bypass surgery participants. OGB has contracted with Pennington Biomedical Research Center to do a follow up with each participant so that a final report can be completed and issued. The report should be completed in the near future and a copy will be provided to all Board members.

NEW BUSINESS

Disease Management Contract

Mr. Teague reported that Health Dialog has been chosen to be our Disease Management vendor effective January 1, 2009. Mr. Teague has recommended to the Division of Administration that OGB offer incentives to plan members to participate.

Case Management/Utilization Management Contract

Mr. Teague reported that OGB has issued an Notice of Intent to Contract for the case management and utilization management (CM/UM) services.

Mental Health and Substance Abuse Contract

Mr. Teague informed the Board that OGB is holding off bidding this contract and extending the current contract for an additional year until the new regulations are issued on the Federal Mental Health Parity Act. Effective July 1, 2010, OGB's benefits for these services will have to be changed to comply with federal law. This is recently-passed federal legislation requiring health plans to provide mental health benefits equal to coverage for physical illnesses and diseases.

State Government Hiring Freeze

Mr. Teague reported that the Governor has signed an executive order establishing a limited hiring freeze for the executive branch of state government. It now appears that OGB is exempt from this hiring freeze as it is written. The OGB fiscal department confirmed with our analyst at the Budget Office that the executive order does not apply to ancillary funded agencies such as OGB. There is no guarantee that a later order or a directive from the Division will not impose a hiring freeze on OGB, but at this time we plan to continue making every effort to fill vacancies.

PUBLIC COMMENTS

No public comments.

ADJOURN

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



Mr. Aubrey Temple, Chairman