



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

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May 19, 2009

### 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. Kenneth Krefft  
Mr. James Lee  
Mr. Hubert Lincecum  
Ms. Janet Lorena  
Mr. Rick Ramsey  
Mr. Aubrey Temple

#### Members Absent

Rep. Robert Billiot  
Sen. "Butch" Gautreau  
Mr. Philip Rebowe  
Mr. Jackie Self  
Ms. Karen Winfrey

Roll call indicated 8 board members present, representing a quorum.

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## **APPROVAL OF MINUTES OF THE FEBRUARY 18, 2009 BOARD MEETING**

The minutes of the February 18, 2009 meeting 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.

## **MERCER ACTUARIAL REPORT**

Mr. Tomczyk was not present for the meeting. Mr. Teague reviewed the Mercer report indicating that a premium surplus of approximately \$408 million is projected for the end of FY 2008-09. Claims costs continue to be lower than expected. For active employees during the time period of 7/08 – 11/08, Humana claims costs increased by 9%, PPO claims costs increased 7.3% and United claims costs increased 6.1% over the period of 7/07 – 11/07. Generic drug usage has showed a steady increase. The average retail generic cost per script has decreased 2.3% and the average retail brand cost per script has increased 17.0% during the twelve month period ending 11/2008 compared to the twelve month period ending 11/2007.

## **ANNUAL ENROLLMENT RESULTS**

Mr. Teague reported that the following are the changes in each plan during the annual enrollment:

<u>Plan</u>	<u>Gains/Losses</u>
PPO	-566
EPO	+118
HMO	+ 575
LSU OPTION 1	+74
LSU OPTION 2	-28

## **CEO REPORT – OPERATIONAL ACTIVITIES**

Mr. Teague reviewed the operational reports which indicated a claims loss ratio of 67.0 percent in December 2008. OGB received 98,291 claims in the month of December and the average turnaround time for claim payment was 2.8 days. The January 2009 fund balance is approximately \$387 million.

Mr. Teague also reported that the Division of Administration has reduced OGB's budget 3.4 million for the current fiscal year and 6.8 million for the next fiscal year. OGB has taken steps to reduce cost such as:

- Eliminate out-of-state travel for employees
- No printed PPO provider directory
- Reduction in the number of annual enrollment meetings
- Re-evaluate medical vendors and professional service contracts

### **LSU FIRST REPORT**

Mr. Teague provided the Board with the LSU System Health Plan Status Report dated April 3, 2009 giving the update of the LSU First Program. The report states that the IBNR reserves for the LSU plans have dropped, but LSU's actuary says reserves are sufficient and no rate increase is planned for the 2009-10 plan year.

### **MEDICAL HOME PILOT PROJECT**

Mr. Teague reported that OGB will be issuing a Notice of Intent to Contract (NIC) for a fully insured Medical Home Pilot Project within OGB Region 9 for an effective date of September 1, 2009. Region 9 was chosen for the pilot program because it comprises a fairly defined population that includes many school boards and some OGB plans have experienced problems with network access in that area. Members who reside in other areas will be allowed to participate if they chose to seek medical care from physicians in Region 9 which is the Monroe area.

He explained that Medical Home is as a model of care where each patient has an ongoing relationship with a personal physician who leads a team that takes collective responsibility for patient care. The physician led care team is responsible for providing all the patient's health care needs and when needed, arranges for appropriate care with other qualified physicians.

Medical care for persons electing to participate in this Medical Care Pilot Project will be provided through a "closed" model Health Maintenance Organization (HMO). All care referrals, hospitalizations and other medically necessary services will be directed through the primary care physician. The administrator shall also be responsible for providing medical care management, disease management and prescription drug coverage.



It is proposed that a contract be awarded for the remainder of the current plan year with an option exercisable by OGB to extend the contract for two additional one year periods.

## **OLD BUSINESS**

### **Dependent Verification Project**

Mr. Teague reported that the dependent verification project has been completed and that approximately 2 million is owed for health care claims paid by OGB on behalf of unverified dependents. This information has been turned over to the Attorney General's office for collection. It was found that only approximately 1 percent of the total of OGB membership had ineligible dependents enrolled.

### **Annual Report by the Policy and Planning Board**

Mr. Teague stated that the annual report by the OGB Policy and Planning Board is due to the House Appropriations Committee and the Senate Finance Committee. He stated that since no changes have been made for the upcoming plan year that he will prepare the report for the Board's approval before submitting it to the committees.

## **NEW BUSINESS**

Mr. Krefft expressed interest in seeing whether it was too late to eliminate or roll back the approved 3% rate increase which takes effect 7/01/09 due to the possible elimination of state employees not receiving any merit increase for the next year.

Mr. Lee asked about some of the cost not being covered under the wellness benefits. Mr. Teague stated that OGB staff is taking a look at the wellness care costs and will compile a report and send it to board members for consideration and discussion at the next board meeting.

## **PUBLIC COMMENTS**

No request for submitted for 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