



State of Louisiana
Office of Group Benefits
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MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

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October 6, 2009

CALL TO ORDER

Mr. Hubert Lincecum, Vice 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
Mr. Hubert Lincecum
Ms. Janet Lorena
Mr. Rick Ramsey
Ms. Karen Winfrey

Members Absent

Rep. Robert Billiot
Mr. Philip Rebowe
Mr. Jackie Self
Mr. Aubrey Temple

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

* Senator Gautreau arrived after roll call.

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APPROVAL OF MINUTES OF THE SEPTEMBER 14, 2009 BOARD MEETING

The minutes of the September 14, 2009 meeting were presented for approval.

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

2010 – 2011 PLAN OFFERINGS

Mr. Teague reviewed the 2010-2011 plan offerings from the Division of Administration and OGB. He stated that OGB staff will be developing a Notice of Intent to Contract (NIC) for each of the following plans:

- HMO option
- EPO option
- PPO option (OGB will be a bidder for this option)
- High Deductible Health Plan (HDHP) option with a Health Savings Account (HSA) - The HDHP will have a single person deductible of \$1,250, two-person deductible of \$2,500 and a family deductible of \$3,000. OGB will contribute an initial \$100 into the HSA on July 1 of each year with an additional state match of employee contributions into the HSA up to an additional \$400 per year. (In accordance with federal guidelines, in 2010 employees can contribute up to \$3,050/single and \$6,150/family of pretax dollars into an HSA annually.) The HDHP will have a first dollar unlimited preventive care benefit which will not be subject to the deductible. Additionally, preventive prescription drugs will not be subject to the deductible but will have a co-pay. After the deductible has been met, the plan will pay 80 percent up to \$10,000 of eligible expenses (plus the deductible). The plan will then pay medical expenses at 100 per cent for the remainder of the benefit year.

In addition, OGB will solicit proposals for the following services:

- A managed care Mental Health and Substance Abuse vendor—OGB will be asking that vendors bid on an insured and a self-insured basis. OGB will then select the funding mechanism that is most favorable.
- Prescription Benefit Management (PBM) vendor—The current prescription drug plan will be modified to include specialty pharmacy benefits (excluding oncology drugs), a mandatory generic utilization

provision and the inclusion of certain over-the-counter (OTC) drugs in the benefit plan.

- Lab contracts for outpatient pathology.

PROPOSED PLAN DESIGN CHANGES FOR JULY 1, 2010

Mr. Teague reported that effective 9/30/09 plan members will be able to receive influenza immunization from pharmacies. The member will pay for the immunization and file a paper claim. The claim will be processed subject to the deductible.

Mr. Teague stated that after conferring with the Division of Administration, the following plan design changes will be proposed for an effective date of 7/1/2010:

- The initiation of a pre-authorization program for outpatient high-cost imaging (CAT scans, MRIs and PET scans). Each plan product will be responsible for administering its own pre-authorization program.
- The implementation of lab contracts for outpatient pathology specimens (Each plan product will be responsible for administering its own lab contracts).
- The implementation of a Specialty Drug contract (excluding oncology), a mandatory generic provision and the inclusion of some OTC products to be bid as part of our prescription benefit management contract.
- The exclusion of coverage for spouses (of new employees hired after 7/1/2010) who have declined health coverage sponsored by their employer.
- The amendment of the plan document to comply with a new federal mandate (Michelle's law) to extend eligibility for up to one year to a dependent child over the age of 21 who is enrolled in an institution of higher education but who would otherwise lose coverage when a medically necessary leave of absence causes the dependent child to fall below full time status. COBRA rights would apply after the one year period has expired.
- An increase in the wellness benefit available to PPO members from \$200 to \$500.
- The modification of Mental Health/ Substance Abuse benefits to comply with the federal Mental Health Parity Act.

After discussion, a motion was made by Mr. Ramsey, seconded by Sen. Gautreau, to recommend that the administration of OGB refrain from any action pertaining to the exclusion of coverage for spouses of new employees

hired after 7/1/10 who have declined health coverage sponsored by their employer until actuarial data could be supplied to the board demonstrating the financial impact on the program.

A substitute motion was made Mr. Lincecum, seconded by Mr. Culotta to defer action.

Following discussion a roll call vote was taken on the substitute motion with the following result:

Yeas

Dr. Broussard
Mr. Culotta
Mr. Lee
Mr. Lincecum
Ms. Lorena

Nays

Sen. Gautreau
Mr. Krefft
Mr. Ramsey

With five (5) yeas, and three (3) nays, the motion failed.

At this time Mr. Ramsey withdrew his original motion.

MERCER ACTUARIAL REPORT

Mr. Thomas Tomczyk, with Mercer, reviewed the actuarial report which indicated a premium surplus of approximately \$60 million projected for the end of FY 2009-10 the fund balance is projected to grow to be approximately \$458 million.

He reported that OGB experienced increases of 10.1 percent in medical costs and 10.3 percent in drug costs over the past year. The report also contained information on trend analysis by plan.

CEO REPORT – OPERATIONAL ACTIVITIES

Mr. Teague reviewed the operational reports which indicated a claims loss ratio of 71 percent in August 2009. OGB received 102,796 claims in the month of August 2009 and the average turnaround time for claim payment was 2 days. OGB customer service received 19,741 calls with a wait time on average of 1 minute and 26 seconds. The fund balance is \$408,555,678 million as of August 31, 2009.

OLD BUSINESS

Student Status Verification

Mr. Teague reported that after reviewing the request from the Board at the last meeting that he has directed OGB staff to change the deadline for the student status verification from September 1 to October 1.

Mr. Tomczyk reported on the request from the Board on the proposed cost of raising the termination age for dependent children to age 24, regardless of student status. After reviewing his report the Board took no action.

NEW BUSINESS

No new business was presented.

PUBLIC COMMENTS

No requests were submitted.

ADJOURN

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



Mr. Aubrey Temple, Chairman