



State of Louisiana
Office of Group Benefits
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MINUTES

POLICY AND PLANNING BOARD MEETING OFFICE OF GROUP BENEFITS

Area offices

January 15, 2010

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CALL TO ORDER

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

ROLL CALL

Members Present

Rep. Robert Billiot *
Dr. Merline Broussard
Mr. Russell Culotta
Mr. Kenneth Krefft
Mr. James Lee
Mr. Hubert Lincecum
Ms. Janet Lorena
Mr. Rick Ramsey
Mr. Philip Rebowe *
Mr. Aubrey Temple

Members Absent

Mr. Barry Blumberg
Sen. "Butch" Gautreau
Mr. Jackie Self
Ms. Karen Winfrey

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

* Rep. Billiot and Mr. Rebowe arrived after roll call.

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APPROVAL OF MINUTES OF THE OCTOBER 6, 2009 BOARD MEETING

The minutes of the October 6, 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.

BOARD ELECTION SCHEDULE

Mr. Tommy Benoit, reviewed the current terms of the elected Board members and explained which seat terms will end on June 30, 2010.

- Employee member elected from the personnel of the Department of Public Safety and Corrections, currently Ms. Janet Lorena, appointed by the Board to fill the unexpired term of Mr. James LeBlanc;
- Employee member elected from all other personnel of state government (at large), currently Mr. Hubert Lincecum;
- Retiree member elected from retired state employees, currently Mr. Russell Culotta.

This will be regular elections for these seats for new six-year terms commencing July 1, 2010. The elections will be scheduled in the spring, with a nomination period in April and voting in May, and the results can be promulgated early in June.

In addition to these regular elections, two special elections should be scheduled concurrently to fill the following positions on the Board now held by interim appointees:

- Employee member elected from the personnel of Department of Transportation and Development, currently Mr. James Lee, twice appointed by the Board to fill the position on an interim basis when no candidate qualified for the regular election in 2006 or the special election in 2008. The special election would be to fill the remainder of the unexpired term, until June 30, 2012.
- Retiree member elected from retired teachers and other school employees, currently Dr. Merline Broussard, appointed by the Board to fill the position on an interim basis when no candidate qualified for the regular election in 2008. This special election would be to fill the remainder of the unexpired term, until June 30, 2014.

STATUS OF NOTICES OF INTENT TO CONTRACT (NIC)

Mr. Teague reviewed the tentative OGB NIC schedule with the Board

The HMO and EPO NIC finalists are Humana, United Healthcare, and Blue Cross Blue Shield of Louisiana and interviews will be conducted the week of January 18, 2010.

The High Deductible Health Plan NIC received bids from Humana, United Healthcare, and Blue Cross Blue Shield of Louisiana and they are under review. No finalists have been chosen for interviews.

The MHSA NIC received bids from LifeSynch (Humana), Magellan, Optum Health, and Value Options. These bids are under review, but at this time no finalists have been chosen. Tentatively interviews will be held the week of January 25, 2010 with the finalists.

The PBM NIC received bids from Catalyst Rx, Express Scripts, WellDyne Rx, and Evison Pharmaceutical Services, Inc. and they are under review. Tentatively interviews, if necessary, will be held the week of February 1, 2010 with the finalists.

Mr. Teague reported that the Division of Administration (DOA) has decided to issue a NIC for the PPO plan now self-administered by OGB. After receiving proposals the Division of Administration then will ascertain whether the PPO plan can be administered more effectively by a private company. Mr. Teague explained that is part of an ongoing effort to streamline state government and cut costs to address a state budget deficit. OGB expects to issue the NIC on January 15, and proposals will be submitted to the Deputy Commissioner Barbara Goodson and evaluated by DOA in close consultation with Buck Consultants.

Mr. Teague stated that if DOA decides it is best to continue to have OGB administer the PPO plan, the NIC will be withdrawn. Privatizing administration of the PPO plan could mean significant layoffs at OGB, affecting approximately one-third of the agency's employees. He further explained either way, OGB must still do the work performed by the eligibility, fiscal and customer service sections and aggregate all health plan data into a single dashboard to compare plan costs.

ACTUARIAL REPORT

Mr. Thomas Tomczyk, with Buck Consultants, reviewed the actuarial report which indicated that the FY 2009-10 fund balance is projected to grow to approximately \$488 million.

The OGB generic drug utilization rate continues to grow to 61.4 percent from 59.9 percent from last year. Mr. Teague noted that effective July 1, 2010, OGB's prescription drug benefit will require plan members to pay any additional cost for brand drugs when generic drugs are available, which is expected to further increase generic drug utilization.

Mr. Tomczyk 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 62 percent in November 2009. OGB received 96,373 claims in the month of November 2009 and the average turnaround time for claim payment was 2.5 days. OGB customer service received 16,777 calls with a wait time on average of 1 minute and 12 seconds.

Mr. Teague report that the average age of plan members continues to rise for all OGB health plans. The medical home HMO plan has the lowest average age. OGB efficiency in processing PPO plan claims is above the industry average with a turnaround time of 2.5 days. This is due to the efficiency of OGB staff and the high percentage of claims submitted electronically by providers. OGB's efficiency is reflected in the number of providers participating in the PPO plan because they rely on fast claim payments to improve their cash flow.

The fund balance was \$443,881,539 million as of December 31, 2009. This fund balance will be used to pay increased costs to avoid raising OGB health plan premium rates for 2010-11 because the budget for state agencies prepared by DOA does not include funds for a higher state share of premiums for employee health coverage.

OLD BUSINESS

Dependent Coverage

Mr. Ramsey indicated that he is still interested in pursuing a recommendation that OGB raise the termination age for dependent children to age 26, regardless of student status. The cost associated with this is minimal.

NEW BUSINESS

Mr. Teague reported that The East Carroll Parish School Board has elected to become a participating agency effective March 1, 2010, and will come into the program on a risk rated basis.

Mr. Teague stated that the Commission on Streamlining State Government made only one recommendation regarding OGB. In the interest of maximizing efficiency, the panel recommended a single administrator for all OGB health plans, a function OGB is already performing.

Mr. Temple stated that the next OGB Policy and Planning Board meeting will be held on Thursday, February 25, 2010 at 10:00 a.m.

PUBLIC COMMENTS

No requests were submitted.

ADJOURN

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



Mr. Aubrey Temple, Chairman