



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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July 21, 2010

CALL TO ORDER

Mr. James Lee, called the meeting of the Policy and Planning Board to order.

ROLL CALL

Members Present

Rep. Robert Billiot
Dr. Merline Broussard
Ms. Rikki Nicole David
Ms. Nancy DeWitt
Mr. William E. Foster
Mr. Kenneth Krefft
Ms. Janet Lorena
Mr. Rick Ramsey
Mr. Jackie Self
Mr. James Lee

Members Absent

Mr. Barry Blumberg
Sen. "Butch" Gautreau
Mr. Philip Rebowe
Ms. Karen Winfrey

Roll call indicated 10 board members present, representing a quorum.

An
Equal
Opportunity
Employer

OATH OF OFFICE

Mr. Tommy Benoit, board counsel, administered oaths of office to board members, Rikki Nicole David, elected to represent state employees; Nancy DeWitt, elected to represent retired state employees; William E. Foster, appointed by the governor to serve at large; and Janet Lorena, re-elected to represent employees of the Department of Public Safety and Corrections.

APPROVAL OF MINUTES OF THE MAY 13, 2010 BOARD MEETING

The minutes of the May 13, 2010 meeting were presented for approval.

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

ELECTION OF OFFICERS FOR 2010-2011

Mr. Self presented recommendations from the nomination committee for officers for the 2010-2011 year.

Chairman

Mr. Lee opened the floor for nominations for the office of Chairman of the Board.

Mr. Self nominated Mr. Lee. The nomination was seconded by Dr. Broussard.

There being no further nominations, upon motion of Mr. Self, seconded by Dr. Broussard, Mr. Lee was elected by acclamation as Chairman of the Board.

Vice Chairman

Mr. Lee opened the floor for nominations for the office of Vice-Chairman of the Board.

Mr. Self nominated Mr. Blumberg. The nomination was seconded by Dr. Broussard

There being no further nominations, upon motion of Mr. Self, seconded by Dr. Broussard, Mr. Blumberg was elected by acclamation as Vice-Chairman of the Board.

Secretary

Mr. Lee opened the floor for nominations for the office of Secretary of the Board.

Mr. Self nominated Mr. Krefft. The nomination was seconded by Mr. Ramsey.

There being no further nominations, upon motion of Mr. Self, seconded by Mr. Ramsey, Mr. Krefft was elected by acclamation as Secretary of the Board.

ACTUARIAL REPORT

Mr. Thomas Tomczyk, with Buck Consultant reported \$1.286 billion in OGB revenue and \$1.238 billion in expenditures for 2009-10 fiscal year ending June 30. This leaves a slight surplus of \$8 million. The surplus will be used by the State to offset raising premium rates for the 2010-11 fiscal year, which is expected to result in a \$76 million negative outcome for the 2010-2011 fiscal year. Mr. Tomczyk also indicated that a rate increase of approximately 14 percent is expected for the 2011-12 fiscal year. He indicated three areas in which OGB could see possible negative financial impacts in the near future; the Living Well Louisiana health management program's prescription incentive, which applies to medications for five targeted ongoing health conditions; increased medical costs due to higher outpatient costs and an unusual number of high-cost claimants. He noted that generic drugs are significantly less expensive than brand-name drugs and that OGB's generic utilization rate is now above 62 percent. Mr. Tomczyk noted that some other health plans have achieved 70 percent utilization of generic drugs.

2010 LEGISLATIVE REPORT

Mr. Teague reviewed the legislation presented in the 2010 Regular Legislative Session that could have had an impact on OGB. He reported that OGB's budget was cut by 200 million this year. Also, due to legislation, OGB will be conducting a study with Pennington's assistance on the financial benefits of establishing a program to address the high rate of obesity in Louisiana.

CEO REPORT – OPERATIONAL ACTIVITIES

Mr. Teague reviewed the operational reports which indicated a claims loss ratio of 68 percent in May 2010. OGB received 133,713 claims in the month of May 2010 and the average turnaround time for claim payment was 1.5 days. Plan member calls received was 25,245 and 97 percent of calls were answered within 1 minute and 34 seconds. The fund balance is \$457,834,693 as of May 31, 2010.

Mr. Teague reported on the lawsuits that UnitedHealthcare and Humana filed as a result of OGB awarding the HMO contract to Blue Cross Blue Shield of La. The lawsuits resulted in a judicial remand of the award back to OGB and, as a result, all companies will have an opportunity to supplement the administrative record of the protests.

Mr. Teague stated that OGB's mental health and substance abuse (MHSA) benefits also underwent significant changes for the 2010-11 plan year with removal of limits on the number of visits for outpatient treatment and the number of days of hospital inpatient treatment effective July 1.

Mr. Teague explained that OGB withdrew a previously issued notice of intent to contract (NIC) for administration of the MHSA benefits in response to interim final rules issued by the federal Department of Health and Human Services for implementation of the federal Mental Health Parity Act. This rule was broader than originally anticipated. As a result, OGB has entered into an interim emergency contract with OptiumHealth for self-funded administration of MHSA benefits for the PPO and HMO health plans while OGB tweaks the plan design and issues a revised NIC for an MHSA contract that complies with the new rules.

He also reported that OGB will issue an NIC for Medicaid Advantage Plan that will be offered in all regions of the state.

OLD BUSINESS

A copy of RS 42:881 which established the Group Benefits Policy and Planning Board was distributed to the Board members. Mr. Lee reviewed with the Board the function and responsibility of the Board.

NEW BUSINESS

Mr. Teague reported that Paul Rainwater is the new Commissioner of the Division of Administration and that Mark Brady is now the Deputy Commissioner, replacing Barbara Goodson who retired.

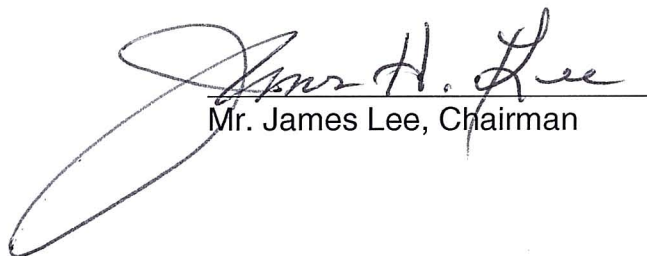
Mr. Rick Ramsey announced that he would be retiring from LSU at the end of July. Mr. Ramsey represents personnel of higher education and the Board will make an appointment to fill the vacancy until the next regularly scheduled election is held.

PUBLIC COMMENTS

No requests were submitted to speak to the Board.

ADJOURN

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



Mr. James Lee, Chairman