



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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August 17, 2011

### CALL TO ORDER

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

### ROLL CALL

#### Members Present

Mr. Barry Blumberg

Ms. Nancy DeWitt

Mr. William E. Foster

Sen. "Butch" Gautreau

Mr. Kenneth Krefft

Ms. Janet Lorena

Mr. Jackie Self

Mr. James Lee

#### Members Absent

Rep. Robert Billiot

Dr. Merline Broussard

Ms. Rikki Nicole David

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

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## **APPROVAL OF MINUTES OF THE JUNE 15, 2011 BOARD MEETING**

The minutes of the June 15, 2011 meeting were presented for approval.

A motion was made by Sen. Gautreaux seconded by Ms. DeWitt, to accept the minutes as presented. There being no objections, the minutes were approved as presented.

## **ELECTION OF OFFICERS FOR 2011-2012**

The Board elected the following officers:

### **Chairman**

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

Mr. Blumberg nominated Mr. Lee. The nomination was seconded by Mr. Krefft.

There being no further nominations, upon motion of Mr. Blumberg, seconded by Mr. Krefft, 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.

Sen. Gautreaux nominated Mr. Krefft. The nomination was seconded by Ms. DeWitt.

There being no further nominations, upon motion of Gen. Gautreaux, seconded by Ms. DeWitt, Mr. Krefft 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. Krefft nominated Ms. DeWitt. The nomination was seconded by Sen. Gautreaux.

There being no further nominations, upon motion of Mr. Krefft, seconded by Sen. Gautreaux, Ms. DeWitt was elected by acclamation as Secretary of the Board.

## **ACTUARIAL REPORT**

Mr. Thomas Tomczyk, with Buck Consultant reported that OGB will incur added drug and medical costs in the 2011 due to the extension for plan year deductibles for 18 months. The current cost trends are below average and this is due to lower pricing as a result of OGB's HMO contract with Blue Cross Blue Shield of Louisiana.

He also reported that the number of high-cost claimants has decreased and this resulted in part from the excellent prescription drug coverage provided through health plans administered by the OGB and from OGB's Living Well Louisiana health management program, which offers reduced co-pays on prescription drugs to treat any 5 targeted conditions (diabetes, heart disease, heart failure, asthma and chronic obstructive pulmonary disease, or COPD) with which the participating plan member has been diagnosed.

He stated that the generic drug utilization rate for OGB health plans is now 65 percent (compared to 60 percent a year ago), which will have a positive impact on OGB prescription drugs costs. The 5.6 percent rise in the number of prescriptions filled by OGB plan members indicates more plan members are filling prescriptions, which can help them stay out of the hospital. Generic drugs costs generally cost 80 percent less than brand-name drugs and generic versions of various expensive brand-name drugs will be available soon, at a projected annual savings of about \$45 million before the impact of the loss of rebates. The full impact of this savings would be realized in 2013.

He explained that the 5.6 percent increase in 2011 premium rates for OGB health plans is expected to generate about \$40 million annually.

## **CEO REPORT – OPERATIONAL ACTIVITIES**

Ms. St. Romain, Chief Operating Officer, reviewed the operational reports for May and June, 2011, which indicated a claims loss ratio of 102.2 percent in June 2011. OGB received 133,349 claims in the month of June 2011, and the average turnaround time for claim payments was 1.7 days. Plan member



calls received were 20,591 and 98 percent of calls were answered within 56 seconds. The fund balance is \$505,195,425 as of June 30, 2011.

She reported that claims seem to increase at the beginning and end of each plan year. OGB paid about 50,000 more claims in April, May and June 2011 than for the same period in 2010, which indicated an increase in utilization of benefits.

## **OLD BUSINESS**

Mr. Lee told Board members he, Ms. DeWitt and Ms. Lorena met with Commissioner of Administration Paul Rainwater and Deputy Commissioner Mark Brady to discuss the Board's concerns about the possible privatization of OGB. DOA reported that they have awarded a contract to Morgan Keegan to review the operations of the Office of Group Benefits and currently negotiating a contract with them.

He also stated that they were invited to attend interviews of prospective CEO candidates for the Office of Group Benefits.

## **NEW BUSINESS**

Ms. St. Romain reported that a notice of intent to contract (NIC) for administration of the HMO plan was issued. Four companies, Blue Cross, Humana, United Healthcare and Verity expressed interest in bidding and proposals are due September 6.

She reported that OGB will hold annual enrollment and Medicare Enrollment in October and the first week in November for 2012. Medicare Advantage Fall Enrollment meetings are slated for Oct. 3 thru 7 and Annual Enrollment meetings will take place October 10 through November. 4. OGB hopes to have premium rates and know which company will administer the HMO plan when the meetings begin.

OGB will issue an NIC next week for administration of OGB's Living Well Louisiana disease management program. The program is currently administered by Health Dialog, but the company's contract ends December 31, 2011.

She reported House Concurrent Resolution 55, passed this year by the La. Legislature, directing OGB to establish a study program to address Louisiana's high rate of obesity. OGB entered into a 5-year agreement with Pennington Biomedical Research Center to assess and evaluate the health

benefits and cost-effectiveness of medical and surgical treatments of obesity through implementation of a program for management of severed obesity in OGB plans members. OGB will distribute program information and application forms to all OGB plan members later this year.

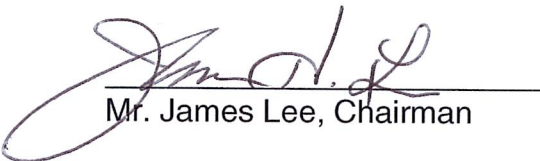
Mr. Krefft suggested addition of a provision to the HMO NIC and to future NICS for other OGB health plans to exclude bids from companies with an officer who is a convicted felon.

#### **PUBLIC COMMENTS**

Mr. Frank Jobert, executive director of the Retired State Employees Association, spoke. He told the Board his organization remained opposed to privatization. He also expressed concerns about the ability of various state agencies to pay increased premiums for OGB health plans.

#### **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