



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

Area offices

Alexandria

318.487.5731
800.813.1578

Baton Rouge

225.925.6625
800.272.8451

Lafayette

337.262.1357
800.414.6409

Lake Charles

337.475.8052
800.525.3256

Metairie

504.838.5136
800.335.6208

Monroe

318.362.3435
800.335.6206

Shreveport

318.676.7026
800.813.1574

TDD

225.925.6770
800.259.6771

June 15, 2011

CALL TO ORDER

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

ROLL CALL

Members Present

Rep. Robert Billiot
Mr. Barry Blumberg
Dr. Merline Broussard
Ms. Rikki Nicole David
Ms. Nancy DeWitt
Mr. William E. Foster
Sen. "Butch" Gautreau
Mr. Kenneth Krefft
Ms. Janet Lorena
Mr. Jackie Self
Mr. James Lee

Members Absent

Eleven board members present, representing a quorum.

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APPROVAL OF MINUTES OF THE MAY 4, 2011 BOARD MEETING

The minutes of the May 4, 2011 meeting were presented for approval.

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

ACTUARIAL REPORT

Mr. Thomas Tomczyk of Buck Consultants presented the actuarial report which projected that the Office of Group Benefits' fund balance will be reduced to \$314 million by July 1, 2011. Mr. Tomczyk reported that the actual expenses have been less than the anticipated cost. He stated that continuing to promote utilization of generic prescription drugs has increased the utilization rate for generic drugs to 65 percent, compared to 60 percent a year ago.

CEO REPORT – OPERATIONAL ACTIVITIES

Before presenting the operational report, Mr. Kipper told board members that his last day as CEO for the Office of Group Benefits would be June 24, 2011, and that he found the staff's dedication to customer service shows what a great group of employees the agency has.

Mr. Kipper reviewed the operational reports for March 2011, which indicated a claims loss ratio of 96.7percent in April 2011. OGB received 117,564 claims in the month of April 2011, and the average turnaround time for claim payments was 2.1 days. Plan member calls received were 18,543 and 99 percent of calls were answered within 55 seconds. The fund balance is \$507,381,016 as of May 31, 2011.

NEW BUSINESS

Senator Gautreaux stated that he had seen the Chaffe Report that reported on the fair market valuation of the operations of the Office of Group Benefits, and in his opinion the report indicated that there was no benefit to selling the Office of Group Benefits. Senator Gautreaux stated that he had to sign a confidentiality agreement before he received a copy of the report, but that it was also reported on in the newspaper. Mr. Lee stated for anyone

interested in getting a copy of the Chaffe report that there was a link on *The Advocate* website to view or download the report.

Mr. Krefft suggested investing OGB's fund balance to generate a higher rate of return, but Sen. Gautreau stated that it could not be done because the state treasurer's office handles all funds.

A motion was made by Mr. Krefft, seconded by Ms. DeWitt, that the Board recommend by Resolution of the Group Benefits Policy and Planning Board opposing the privatization and urging the Office of the Governor, Division of Administration, and the Legislature of the State of Louisiana to take immediate action to stop the proposed privatization and to maintain OGB's current operations; and that, should the efforts toward the proposed privatization continue, that the Office of the Governor, Division of Administration, provide to this Board and to the Legislature of the State of Louisiana, not later than Monday, June 20, 2011, a clear and concise explanation of the reasons for the proposed privatization and why such action would be in the best interests of the State of Louisiana. The motion was passed unanimously.

PUBLIC COMMENTS

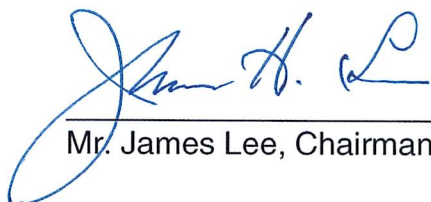
Ms. Ruth Miller asked that OGB carefully review charges to retirees with Medicare. She said there previously were no deductibles or co-pays under the Humana HMO plan, and plan member had been assured by Blue Cross representatives at Annual Enrollment meetings that benefits would not change, but this has not been the case.

Mr. Frank Jobert with the Retired State Employees Association of Louisiana addressed the Board and thanked Sen. Gautreaux for his efforts to keep the spotlight on privatization efforts. He expressed concern that after the legislative session ends on June 24, it will be difficult to keep the spotlight on privatization efforts, but said that if we fail, the RSEA board of directors plans to pursue legal action, and invites LRTA to join them in this action.

Mr. Hubert Lincecum, OGB Benefits Services division administrator and former board member expressed his regret of the departure of Mr. Kipper as CEO and thanked Sen. Gautreaux for his efforts to prevent privatization of OGB.

ADJOURN

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



Mr. James Lee, Chairman