



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

February 15, 2012

CALL TO ORDER

Mr. James Lee 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. Kenneth Krefft
Ms. Janet Lorena
Mr. James Lee

Members Absent

Mr. William E. Foster
Mr. Jackie Self

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

APPROVAL OF MINUTES OF THE AUGUST 17, 2011 BOARD MEETING

The minutes of the August 17, 2011 meeting were presented for approval.

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

NOMINATION FOR HIGHER EDUCATION SEAT

Mr. James Lee nominated Ms. Melissa Lee to fill the remaining term till 6/30/2012. She currently works for the LSU College of Engineering at the Louisiana Transportation Research Center's Transportation Training and Education Center (LTRC - TTEC), as a Training and Development Program Manager. She has been a member of OGB since April 2006.

A motion was made by Mr. Krefft, seconded by Ms. DeWitt to appoint Ms. Melissa Lee to fill the remaining term of the higher education employee seat. There being no objections she was unanimously appointed.

ACTUARIAL REPORT

Mr. Thomas Tomczyk, with Buck Consultant reported that OGB's fund balance was \$484,003,214 as of January 31, 2012. He explained that expenses exceeded revenues by about \$18 million for the 2011 plan year that ended December 31, 2011. Claims were a bit higher than projected, but this is due to the plan year deductibles being extended for 18 months.

He also stated that OGB's current fund balance was generated by the cost-effective way OGB has been administered, not by overestimating claims costs. Without two recent premium increases, OGB would have seen a \$50 million loss for the short six-month 2011 plan year and an anticipated loss of \$140 million for the 2012 plan year.

He noted that prescription drug expenses also were slightly higher than expected, due in part to significant increases in generic drug costs. OGB's generic drug utilization rate is now 66.5 percent for the PPO health plan (self-administered by OGB) and 69.1 percent for the HMO health plan (administered by Blue Cross and Blue Shield of Louisiana).

A slight loss also is anticipated for the 2012 plan year. This is expected to lower OGB's fund balance to \$468.9 million by December 31, 2012, leaving approximately four months of fund reserve.

CEO REPORT – OPERATIONAL ACTIVITIES

Ms. St. Romain, Chief Operating Officer, reviewed the operational reports for December, 2011, which indicated a claims loss ratio of 101.1 percent. OGB received 103,435 claims in the month of December 2011, and the average turnaround time for claim payments was 2.1 days. Plan member calls received were 19,175 and 99 percent of calls were answered within 1 minute and 17 seconds.

She reported that OGB issued a notice of intent to contract (NIC) for the standard HMO health plan on January 20. Four companies expressed interest and a proposer's conference was held February 10, with bids due February 29. An emergency contract with Blue Cross remains in effect through March.

She also explained that OGB will prepare balance sheets in two ways: by fiscal year (ending June 30) and by calendar year, which coincides with the plan year.

OLD BUSINESS

Tommy Benoit, OGB general counsel, reported that OGB was served with a petition in a class action lawsuit alleging the agency unwittingly overcharged PPO plan members. He said OGB has retained the Long law firm and is still conducting a preliminary investigation.

Charles Calvi Jr., OGB chief executive officer, told the board OGB has not received a financial report from Morgan Keegan regarding the potential privatization of OGB's self-administered PPO health plan and has made no payments on the contract. He explained that the purpose of the agency's contract with Morgan Keegan is to determine, by surveying the marketplace, if there is interest in purchasing OGB's book of business.

NEW BUSINESS

Ms. DeWitt requested that OGB request a monthly summary of performance indicators similar to the format used by OGB for the PPO plan from OGB vendors that administer our other plans.

After discussions a motion was made by Ms. DeWitt, seconded by Mr. Krefft, that a monthly summary of performance indicators comparable to the format used by OGB for the PPO plan be provided by the vendors that administer other OGB plans. There being no objection, the motion was unanimously accepted.

Mr. Krefft's suggested that OGB use a portion of the fund balance to provide assistance with premiums to state employees who are laid off. The Board took no action regarding this issue.

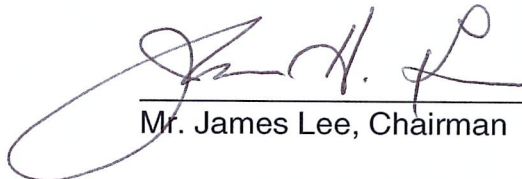
Mr. Lee noted that the governor's proposed budget for FY 2012-13 includes privatization of the PPO plan. Mr. Calvi said OGB will lose funding for some positions but he has no exact numbers yet.

PUBLIC COMMENTS

There was no request for public comments.

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