



STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF GROUP BENEFITS



OGB POLICY AND PLANNING BOARD MINUTES

April 6, 2018

2:30 PM

**1201 North Third Street,
Louisiana Purchase Room
Baton Rouge, LA 70802**

I. Call to Order

- Roll Call
- Present
 - Deborah Copeland
 - Korey Harvey
 - Jeremy Jackson
 - Frank Jobert
 - Kenneth Krefft
 - Valencia Tanner
 - Agnes Andrews
- Absent
 - Sen. Dan Morrish
 - Sen. John R. Smith
 - Rep. Robert Billiot
 - Sen. Ronnie Johns
- Pledge of Allegiance

II. Approval of Minutes from November 16, 2017 Meeting

- A motion to approve the minutes was made by Mr. Krefft and seconded by Mr. Jobert. The minutes were approved unanimously.
- Request To Amend Agenda
 - a) Tommy Teague requested a motion to strike item VI from the agenda. It was approved unanimously.

III. Public Comments

- None

IV. Proposed Legislation

- Mr. Teague gave an overview Senate Bills 480 (Johns), 554 (Claitor) and 343 (Mills)
 - Mr. Jobert spoke to the board and public in attendance concerning the Retired State Employee's Association's (RSEA) opposition to SB 343, which would allow some parish judges to receive a 75% employer contribution toward health premiums in retirement without the necessity for 20 years participation in OGB. He asked staff to stay on top of this bill just in case it comes up again as an amendment to another bill.
 - Mr. Harvey asked about HB 689 (Rep. Stokes).
 1. This bill, concerning the extraction of reproductive tissue, failed but may come back in another form. This bill would have required OGB to pay for the extraction of reproductive tissue or sperm from



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members diagnosed with cancer prior to chemotherapy/radiation treatments.

o Mr. Harvey then asked what OGB would do to cover the cost if the bill does come back in another form and passes.

1. OGB would have to cover the cost this year and figure out how to pay for it next year.

V. Proposed Premium Rate Adjustment for 1/1/19

- Mr. Teague gave an overview of current medical/pharmacy trends, the need for a rate increase and an update on the Fund Balance. He also informed the board of the Administration's reply that there is no money in the budget for a rate increase effective 1/1/19. The earliest a rate adjustment would be possible is July 2019.

~~VI. Proposed Retiree 100 Premium Rate Adjustment~~

- Item struck from agenda. OGB did not receive the information from BCBS in time for the actuary to provide OGB with accurate figures.

VII. Alternative Cost Savings Initiatives

- Mr. Teague briefed members on the cost savings initiatives OGB is proposing.
 - a) Controlling Specialty Drug Spend Under the Medical Plan
 - b) Pharmaceutical Market Check Initiative
 - c) Implementation of a new formulary for Medicare eligible retirees
 - d) Prescription Drug Supplemental Savings Program
 - e) Implementation of Additional Spousal Premium
 - f) Capitated Primary Care Network Proposal
 1. Mr. Jobert asked if the chosen vendor will be paid a flat fee.
 - a. The vendor chosen by OGB will be paid a Per Employee Per Month (PEPM) fee for every member in our self-funded plans and members will be seen at no cost.
 2. Mr. Jobert then asked if there is any incentive for the clinic to hold back on treatment.
 - a. The incentive would be for the clinic to make the right diagnosis/treatment on the first visit to prevent the member from returning for more care in relation to the initial diagnosis.
 3. Mr. Harvey asked when the RFP would be issued.
 - a. OGB is drafting the RFP presently and hopes to have it to the Office of State Purchasing (OSP) next month. OGB is shooting for a 1/1/19 implementation date so the sooner the RFP goes out, the better.
 4. Mr. Harvey then asked what the geographic spread by providers would be.



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- a. OGB believes South Louisiana will be covered well. In more rural parts of the state it may be more traditional PCPs or Urgent Care clinics that would be participating in this network.
5. Mr. Krefft asked if the RFP is done in time and a vendor is chosen, would this be thoroughly explained during Annual Enrollment.
 - a. Yes. OGB would hope to have a contract in place by Annual Enrollment for a 1/1/19 effective date.
- g) Summary
 1. Tom Tomczyk with OGB's actuary Conduent spoke on the possibility of achieving the savings. He expressed confidence that OGB could achieve the projected midpoint of savings of \$47.4 million.
 - a. Mr. Krefft asked what OGB would do if the \$72M is not reached.
 - i. It's a 1.8% difference if OGB reaches the midpoint range. If the state cannot make up the 1.8%, OGB would have to move forward and revisit options in the future.
 - b. Mr. Krefft then asked at what point there are no more cost savings initiatives to explore.
 - i. At this point, OGB has no more options to propose.
 - c. Mr. Jobert asked about the chart showing the fund balance and whether or not those numbers are included in the \$72M.
 - i. The chart reflects the cost savings initiatives. For every 1% OGB comes up short, you can subtract \$13M from the projected fund balance. The fund balance chart is with the 5.4% premium rate adjustment, the cost saving initiatives or a combination of both.
 - d. Mr. Jobert then asked what the urgency was if OGB will be above the recommended high end of the fund balance without making any changes.
 - i. The 5.4% would cover medical cost increases. It equates to \$72M in claim costs increases.
 - e. Mr. Jobert then asked if we are at \$206M in fund balance now and we don't do anything now would be at \$255M why do we need to push for \$261M? What is the



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number we should be pushing for? What is the acceptable range?

- i. The Gallagher range was between \$132M and \$244M. The Conduent range is between \$200M and \$260M. If nothing is done now, with medical and pharmacy trends increasing every year, OGB would need a 12% increase for 2020. If you don't keep up with trend, you will pay for it later.
- f. Mr. Harvey asked if OGB needed recommendations from the Board today.
 - i. A motion would be in order that OGB proceed with all or a few of the initiatives.
- g. Mr. Jobert commented that it looked as if OGB is going to increase the fund balance in 2019 no matter what. Is that because of one time money in the form of rebates?
 - i. The rebates MedImpact has obtained for OGB and EGWP subsidies are what is keeping the fund balance high presently. 2016 rebates were approximately \$16M. With the active formulary change in 2017, the 2017 rebates are expected to be \$31M. Moving the EGWP population to the same restricted formulary would result in savings of about \$7.5M (midpoint).
- h. Mr. Kreft made a motion for the Board to adopt the recommendations presented. Mr. Jobert seconded the motion and the board approved the recommendations unanimously.

VIII. Catapult Clinics

- Mr. Teague gave an update on the current wellness campaign and discussed the possibility of allowing spouses to participate.
 1. Mr. Jobert asked how much OGB was saving with the wellness program.
 - a. BCBS & Catapult are unable to tell OGB what the savings are. However, adding spouses would result in an increase in cost to BCBS and OGB doesn't think they would continue the program without increased payment from OGB. OGB has meetings set with BCBS and Catapult in the coming weeks and this topic will be discussed at those meetings



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2. Mr. Jobert added that he was not so much concerned with the member/spouse getting an extra \$5-10 discount but seeing savings to the plan in the form of early detection of certain chronic diseases.

IX. New Business

- Mr. Jobert asked for an update on OneExchange and Life Insurance.
 - a. OGB has drafted an RFP for the life insurance. OGB recently met with the Office of General Counsel (OGC) and the Office of State Purchasing (OSP) and will make a few changes before sending it to OSP. OGB estimates it will go out in the next 1 to 1 ½ months.
 - b. An RFP for Medicare Advantage brokerage vendor (currently OneExchange) is in development and will be issued by OSP soon.
- Mr. Krefft asked about when the next meeting would be held.
 - a. The next meeting will most likely be held after the conclusion of the legislative session.

X. Adjournment

- Motion to adjourn was unanimously approved.

Approved by Board: _____

Date approved: _____


7/19/2019