



STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF GROUP BENEFITS



Group Benefits Estimating Conference Minutes
July 18, 2018

10:00 AM

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

- I. Call to Order
 - a. Roll Call
 - Erin Monroe Wesley ✓
 - Manfredo Dix ✓
 - Travis McIlwain ✓
 - Chas Nichols ✓
 - Bill Guerra ✓
 - David Dillon ✓
- II. Approval of Minutes from April 6, 2018 Meeting
 - a. Motion to approve minutes made by Manfredo Dix. Motion was seconded by Travis McIlwain. Motion was approved unanimously.
- III. Public Comments
 - a. None
- IV. 2019 Premium Rate Proposal
 - a. Mr. Teague introduced the members of the Conduent team to the conference members. Mr. Teague then explained to members the proposed rate increase and reminded them that the administration advised OGB that the funding was not available for an increase effective 1/1/19 and that the alternative measures that had been previously discussed would need to be put into place.
 - b. Mr. Tom Tomczyk with Conduent explained to the conference members the projected 2019 medical and pharmacy trends and how they came to those percentages.
- V. Long Range Projections
 - a. Mr. Teague and Mr. Tomczyk updated the conference members on the future projections for the fund balance.
 - b. Mr. David Dillion: What were the primary drivers for the 4.5% proposed premium increase?
 - i. Much better claims data and higher rebates than expected.
- VI. Life Insurance Award Recommendation



STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF GROUP BENEFITS



- a. No recommendation to be made. The bids are still with state purchasing. There are several other RFPs out which means we will need to meet again in mid-august.

VII. Status Report on Cost Savings Initiatives

- a. Controlling Specialty Drug Spend Under the Medical Plan
 - i. Mr. Teague gave an overview of what this initiative is and how it works. MedImpact and Conduent are working to identify what drugs are dispensed under the medical plan. It is difficult to determine due to the difference in coding. Once the drugs are identified, MedImpact will work with BCBSLA to encourage physicians and patients to have these drugs infused at a lower cost location.
 - ii. Mr. Manfredo Dix: What is the average price of these drugs?
 - 1. That is part of the problem. The cost may differ depending on where it is purchased and administered. Some of these drugs cost upwards of \$7,000 to \$12,000 per month and many of these are drugs that these people must take monthly.
- b. Pharmaceutical Market Check Initiative
 - i. Mr. Teague updated conference members on the status of this initiative. (MedImpact is in the process of doing the Market Check now.)
 - ii. Mr. Tomczyk explained to members how Conduent arrived at the estimated savings for this initiative. (Market prices change frequently. Conduent will ask MedImpact to do a market check and renegotiate drug prices for OGB.)
 - iii. Mr. Dix: Is this information public?
 - 1. No. This is internal information based on other clients. This initiative will have no impact on members.
 - iv. Ms. Erin Monroe-Wesley: When does the PBM contract expire?
 - 1. The contract expires at the end of 2019 but OGB has the option to renew for one year.
 - v. Mr. Dix: Are there other competitors?
 - 1. Yes, Express Scripts being the largest.
- c. New formulary for EGWP Participants



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- i. Mr. Teague updated conference members on the status of this initiative. This will have an impact on members. Anyone taking an excluded drug will receive a letter from MedImpact advising them of the exclusion and offer alternatives. OGB expects there to be some rumblings but is hoping there won't be extreme angst. The Active population has been on this same formulary since 1/1/17 and there have been few rumblings.
- ii. Mr. Bill Guerra: Do we have a number of how many members will be affected by this change?
 - 1. We don't know yet. MedImpact will be working on that list. They must notify members 60-90 days prior and the formulary change must be approved by CMS.
- d. Prescription Drug Supplemental Savings Program
 - i. Mr. Teague updated conference members on the status of this initiative.
 - ii. Mr. Tomczyk explained to members that because these type of programs are fairly new, it is hard to estimate the savings OGB will gain.
 - iii. Mr. Dix: Why do we need this? Shouldn't MedImpact already do this?
 - 1. MedImpact does do this. However, it is not in MedImpact's scope of services with OGB.
- e. Spousal Surcharge
 - i. Mr. Teague updated conference members on the status of this initiative. The Legislature passed legislation that gives OGB the right to collect a surcharge by payroll deduction that is payable by the employee only.
 - ii. Ms. Wesley: What was the Policy and Planning Board's feedback on this initiative?
 - 1. The OGB Policy and Planning Board endorsed this initiative. There were several enrollees who spoke in opposition to this initiative during public comment at the last board meeting and OGB does expect some pushback from its membership.
 - iii. Mr. Chas Nichols: Have you looked into a surcharge for dependent children over the age of 18?
 - 1. We haven't really looked at that because the Affordable Care Act (ACA) say we have to cover children until age 26. Conduent currently does not have any clients that charge a dependent surcharge.
 - iv. Mr. Dillon: \$50 was the previous actuary's proposed amount. Did Conduent look at this number?



STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF GROUP BENEFITS



1. Conduent did look at that number and while they have clients that charge more (\$100), they felt this number was good for OGB.

f. Capitated Primary Care Network Proposal

- i. Mr. Teague updated members on the status if this initiative
- ii. Mr. Travis McIlwain: Is this similar to the LSU First structure? Can you award to multiple vendors?
 1. It is and it isn't. OGB is hopeful that the potential vendor will have a statewide network. If it does not, then OGB will have to have multiple vendors.
- iii. Mr. McIlwain: Are there plans to expand to cover specialists?
 1. OGB is just dipping its toes into the water right now. OGB will consider expanding to specialists once the savings from the current model are reviewed.
- iv. Mr. McIlwain: Can you give me an example of what type of vendor you are looking at? Baton Rouge Clinic, Ochsner, etc?
 1. We don't know who is going to bid. There could be one set of clinics in South Louisiana and a separate set in North Louisiana. The scope of services may vary from region to regions.
- v. Mr. Teague added that another service to OGB members is through BCBSLA is their Telemedicine program BlueCare. There is a \$39 charge to members but depending on their plan, they could get some of that money back. It is available 24 hours a day, seven days a week. It is another cost effective option for OGB members and their covered dependents.

VIII. Retiree 100 Premium Rate Adjustment Recommendation

- a. Mr. Teague gave an overview of the Retiree 100 plan to conference members. The premium for this plan will increase from \$39/month to \$81/month on 1/1/19.
- b. Mr. Guerra: Are the members who enroll in Retiree 100 allowed to drop at any time?
 - i. No. They can only drop during the annual enrollment period.
- c. Mr. McIlwain: How many members are participating in this plan?
 - i. We currently have about 800 members enrolled in Retiree 100.



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DIVISION OF ADMINISTRATION
OFFICE OF GROUP BENEFITS



IX. New Business

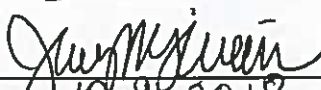
- a. Mr. Dillon: What are you going to be requesting of the board? Will you be requesting the 4.5% increase?
 - i. OGB will be asking for a recommendation to proceed with these initiatives and we will make them aware of the need for the 4.5% increase in the year 2020, 2021 and 2022.
- b. Mr. Dillon: Getting back to the 4.5%, what did you say your trends were from? Is that just national data?
 - i. Conduent used national data and data received from BCBSLA.
- c. Mr. Dillon: The 4.5% for three years, where does that come from?
 - i. Conduent looked at what OGB would need to have a 200M fund balance in 2022.
- d. Mr. Dillon: Looking at the trends, your numbers may be a little high. Should they be close to 6% medical and 10% pharmacy?
 - i. These were the trends used in the past by Gallagher. Conduent could have made them lower however they were just coming on board and decided to stick with the Gallagher numbers until more research could be done.
- e. Mr. McIlwain: When will OGB go before JLCB?
 - i. As soon as the RFPs that are out have award recommendations OGB will come back to the Estimating Conference, the Policy and Planning Board and then to JLCB to seek approval. OGB expects that to be sometime in mid-August.
- f. Mr. McIlwain: Do you expect all of the initiatives to come to fruition for a 1/1/19 start date?
 - i. For the options that require member action during annual enrollment period OGB expects those to take effect 1/1/19. Others will take effect most likely in mid-2019. OGB is hopeful to have some of the award recommendations ready to go to the board and contracts signed to take before JLCB for approval by mid-August.

X. Adjournment

- a. Motion to adopt information and send to the Policy and Planning board made by Mr. David Dillon. Motion seconded by Mr. Chas Nichols. Motion was approved unanimously.
- b. Motion to adjourn made by Mr. Manfredo Dix. Motion seconded by Ms. Erin Monroe Wesley.

Approved by: _____

Date Approved: _____


10-8-2018