WINTER 2007

For Your BENEFIT

STATE OF LOUISIANA • OFFICE OF GROUP BENEFITS
PPO • EPO • MCO • HMO

OGB Increases Lifetime Maximum Prescription Drug Limit

The Office of Group Benefits is pleased to announce that effective January 1, 2007, the lifetime maximum for prescription drugs increased from $250,000 to $500,000. With the cost of drugs escalating every year, this increase in the lifetime maximum is a valuable asset to OGB plan members and their families. The additional $250,000 in the lifetime prescription drug maximum will apply to purchases incurred from January 1, 2007 forward. It can not be used retroactively.

If you have any questions, please call an OGB Customer Service representative toll free at (800) 272-8451.

Update

EPO, PPO, MCO Plan Coverage Amended Effective January 2007

OGB amended the plan document for the EPO, PPO and MCO plans effective January 1, 2007, to reflect two changes in coverage:

The dispensing limits for outpatient prescription drugs changed from 34-, 68-, and 102-day supplies to 30-, 60-, and 90-day supplies (which are the standards in the pharmacy benefits industry). The change does not affect the continued availability of prescription medications because OGB also follows the industry standard of allowing refills after 75 percent of the amount most recently dispensed should have been used. For example, an OGB plan member who receives a 30-day supply can continue to get a refill after 23 days, eliminating potential worries about running out.

Prior authorization is required for hyperbaric oxygen therapy (HBOT). Once used mainly to treat decompression illness ("the bends"), HBOT can enhance healing of tissue injuries and certain types of problem wounds, skin grafts and other conditions or illnesses. The change allows OGB plans to identify unnecessary or inappropriate uses of HBOT before medical expenses are incurred. Adverse determinations on prior HBOT authorizations are subject to the review and appeal processes established by state law.

The cost savings realized by implementing the changes on January 1 (instead of waiting until a new plan year begins on July 1) helps OGB keep our plan members' premiums as low as possible.

INSIDE

Accounting Rule Changes Fiscal Reporting

A Message From Tommy D. Teague

OGB Chief Executive Officer

In the past, governments have had to predict and prepare for debts (liabilities) for the pensions of current and future retirees. A new accounting rule from the Governmental Accounting Standards Board (GASB) requires that governments now calculate future debts (liabilities) for benefits other than pensions, such as health care insurance. Furthermore, government entities must include these debts on their official financial statements.

Under state law, Louisiana pays 75 percent of the premium cost of health coverage for employees and 50 percent of the cost for their dependents. If an employee is grandfathered under state law or has 20 years of service at the time of retirement, the state will continue to pay 75 percent of the premium cost into retirement. If the employee upon retirement has less than 20 years of service or is not grandfathered, the state pays a lesser percentage of the premium. This statutory promise to continue to pay for health coverage into retirement creates this liability.

Historically, almost all government entities have addressed these costs on a “pay as you go” basis. The costs for such plans have been attributed to the period of time that an employee is retired. The major (national) change required by GASB is to attribute the cost of post-retirement benefits to the time during which the employee is working for the employer.

OGB’s actuaries calculate that Louisiana has a liability of between $6.5 and $9.8 billion, which assumes costs over the next 30 years.

Some other public entities have already reported their estimated future liability. As expected, these estimates vary greatly:

- California–$40-$200 billion
- New York–$47-$54 billion
- Maryland–$20 billion
- Alabama–$19.8 billion
- Massachusetts–$13.2 billion
- Alaska–$7.9 billion
- Nevada–$1.62-$4.1 billion
- Utah–$536-$828 million
- San Francisco–$4.9 billion
- Los Angeles Consolidated School District–$10 billion
- West Virginia–$8 billion
- Delaware–$3 billion

All public entities are studying this issue and seeking to arrive at solutions that balance the need to recognize this future liability while utilizing public assets to address more pressing immediate concerns. As one would expect in such a complex issue with such long-range fiscal effects, the administration is awaiting full review and analysis of the implications of the report before it offers directions that would begin the process of addressing the issues raised.

If You Have an Accidental Injury, You Should Know About This Plan Benefit

by Stan Hurder, OGB Attorney

Louisiana law decrees that a person who causes an accidental injury is responsible for payment of health care expenses caused by the accident. This means the cost of care caused by negligent acts of others should ultimately be paid by the party who is responsible, not by the OGB health plan, which is funded by employer and employee premium dollars. The term 'responsible party' means the person or entity legally responsible for the injury and also includes the responsible party's liability insurance plan, uninsured or underinsured motorist plan, worker compensation plan, medical malpractice plan, homeowner plan or renter plan.

Under the law, OGB health plans should not be the final payer for injuries caused by others when a responsible party is legally liable. This policy is implemented by a plan document rule that governs subrogation and reimbursement (S & R).

OGB adopted a uniform S & R administrative rule for all OGB self-funded health plans effective July 1, 2006. OGB's subrogation and reimbursement rule applies to all OGB PPO, United EPO, Humana HMO and FARA MCO plan members.

Under the rule, all plan members involved in auto and other accidents are entitled to use their OGB health plan coverage to obtain treatment after the accident. This ensures that plan members can access their network medical providers following an accidental injury. A member who is injured in an accident, and who has a claim against a responsible party, is also required to notify OGB:

Subrogation Unit
OGB Legal Division
P.O. Box 44036
Baton Rouge, LA 70804
Fax # 225-922-2006

The OGB Legal Division research staff calculate the total accident-related payment, which is given to the liability claims adjuster, the attorneys, the mediator and, in some disputes, the trial court. When a responsible party settles a claim and an injured plan member receives the settlement, the plan member must reimburse OGB from the settlement proceeds for accident-related medical payments. If the facts are disputed, or a plan member partially contributed to the cause of the accident, then OGB may receive a partial reimbursement.

Cost Containment

S & R is one of many cost-containment policies applied by OGB to restrain the growth of health plan expenditures. When a plan member reimburses OGB from the injury settlement, related health care expenses are not used to calculate future rates and the amount reimbursed to OGB is subtracted from the plan member's lifetime payment account.

The OGB S & R rule is published in all of the 2006-2007 Plan Documents and on the OGB website. Frequently asked questions about S & R are answered in the plan member section of the OGB website.

Timely Notice Aids Settlement

OGB encourages plan members and their attorneys to contact OGB early in the legal process to determine the amount of reimbursement due. Providing timely notice to OGB avoids surprises at settlement time.

Frequently a responsible party or insurer will not settle a claim unless health plans with an S & R recovery rule participate in the settlement. When OGB does not receive timely notification of a settlement, the agency may proceed against the plan member to obtain 100 percent reimbursement plus other costs.

When the OGB health plan receives timely notification, however, the claim resolution process moves efficiently. The adjustor and attorneys work with OGB's legal staff to conclude settlements in a timely manner. To avoid delays in the comprehensive settlement of an accident claim, plan members should inform attorneys and adjustors of the OGB subrogation and reimbursement policy.

Change in EPO Plan Laboratory Network

UnitedHealthcare, which administers the EPO plan, has made several changes to the laboratory network that may affect EPO plan members. Effective January 1, 2007, Quest Diagnostics is no longer a participating provider in the EPO network. The EPO plan's broad laboratory network includes a combination of Laboratory Corporation of America facilities, plus other regional and local laboratory service providers in your area, who will continue to deliver services to EPO plan members as usual.

What This Means to You

Laboratory service providers test body samples such as blood, urine or tissue that you provide, either at your physician's office or at a patient lab facility. While you may not know what lab your physician uses, it is important that your physician refers you to a lab that is in the EPO network for all testing. As long as your doctor uses one of UHC's many participating lab service providers, you will not see any changes.

What You Should Do

We encourage you to take an active role in your health care and learn which labs participate in the EPO network so you can receive the greatest coverage level from your benefit plan and minimize expenses that may come with using non-network providers. Please ask your physician to verify that the lab used participates in the EPO network. If the lab your physician uses is no longer in the UHC network, UHC will gladly help identify alternative lab providers in your area. A list of participating lab providers is also available online at myuhc.com. If you have questions, please call the UHC customer service phone number on your ID card.

A Flexible Spending Account Can Save You Money

You work hard for your paycheck, and we want you to keep as much of it as you can. With a health care flexible spending account, every dollar you set aside saves you on taxes and increases your spendable income.

You can elect to have your annual flexible spending account (FSA) amount deducted from your paycheck each pay period, in equal installments throughout the year – before federal and state income tax and retirement taxes are taken out. When tax season rolls around, you won't pay taxes on your FSA amount, which saves you money even if you don't itemize these expenses on your federal tax return.

DataPath Administrative Services Inc. (DPAS) is the interim FSA administrator for Office of Group Benefits. FSA participants can access their FSA information online 24 hours a day, seven days a week at myRSC.com or by contacting DPAS by phone toll-free at 1-877-685-0655 or via mail (info@idpas.com) or fax (1-888-472-6777).

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Baton Rouge, LA
Permit # 266

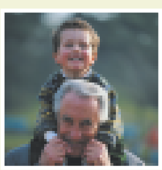
This document was published at a total cost of $23,003.24 for 124,800 copies. This document was printed by the Office of State Printing, under authority of the Division of Administration, to inform state employees about their benefits. This information was printed in accordance with the standards for printing by state agencies established pursuant to R.S. 43:31.

Vision

OGB envisions itself as a leader in improving and preserving quality of life.

Mission

OGB will offer an employee benefits system that meets or exceeds industry standards and/or benchmarks.

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