

Report to the  
House Appropriations Committee and the Senate Finance Committee  
From the  
Group Benefits Policy and Planning Board  
On  
Proposed Changes to the Office of Group Benefits  
Life and Health Benefits Programs

Pursuant to La. R.S. 42:881, the Group Benefits Policy and Planning Board (the “Board”) is charged with the responsibility of submitting an annual report to the appropriate legislative oversight committees concerning any changes to the life and health programs of benefits proposed by OGB. Accordingly, this report is submitted.

The Board met on July 30, 2014, to review and receive changes to the life and health programs proposed by OGB. The OGB Chief Executive Officer advised the Board of proposed changes to the OGB health program<sup>1</sup> with regard to plans administered by Blue Cross Blue Shield of Louisiana (BCBSLA) effective August 1, as follows:

**EFFECTIVE AUGUST 1**

*Prior Authorization Requirements:* OGB will begin requiring prior authorization for certain medical procedures and services. A prior authorization is a process used to determine the necessity of a proposed service and is a standard measure for managing health care plans. BCBSLA will send in-network healthcare providers a list of the required prior authorizations. The BCBSLA providers are familiar with this process and have all the information needed to request and obtain approval for medical services. Services that will now require a prior authorization<sup>2</sup> include:

- Cardiac rehabilitation
- CT scans
- Genetic testing
- Home health care
- Hospice
- MRI/MRA
- Orthotic devices
- Outpatient pain rehabilitation/Pain control programs

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<sup>1</sup> OGB is making no change to the life insurance program.

<sup>2</sup> Speech therapy will no longer require a prior authorization.

- Physical/Occupational therapy
- Residential treatment centers
- Inpatient hospital admissions (except routine maternity stays)

*Application of Standard Benefits Limits:* OGB will now follow BCBSLA standard number of visits allowed per benefit period for skilled nursing facilities, home health care services and hospice care services.

|                             |                             |
|-----------------------------|-----------------------------|
| • Skilled Nursing Facility  | 90 days per benefit period  |
| • Home Health Care Services | 60 days per benefit period  |
| • Hospice Care Services     | 180 days per benefit period |

*MedImpact Formulary: 3-Tier Plan Design:* OGB will begin using the MedImpact Formulary to help members select the most appropriate, lowest-cost options. The formulary is reviewed on a quarterly basis to reassess drug tiers based on the current market. Members will continue to pay a portion of the cost of their prescriptions in the form of a co-pay or co-insurance. The amount members pay toward a prescription depends on whether the purchase is for a generic, preferred brand or non-preferred brand name drug. These changes do not affect members with Medicare as their primary coverage.

|               | <b><i>Current Benefit</i></b> | <b><i>August 1 Benefit</i></b> |
|---------------|-------------------------------|--------------------------------|
| Generic       | 50% up to \$50                | 50% up to \$30                 |
| Preferred     | 50% up to \$50                | 50% up to \$55                 |
| Non-Preferred | 50% up to \$50                | 65% up to \$80                 |
| Specialty     | 50% up to \$50                | 50% up to \$80                 |

*Member Out of pocket Costs:* The pharmacy out-of-pocket maximum threshold has been changed from \$1,200 to \$1,500. Once met:

|               | <b><i>Current Benefit</i></b> | <b><i>August 1 Benefit</i></b> |
|---------------|-------------------------------|--------------------------------|
| Generic       | \$0 co-pay                    | \$0 co-pay                     |
| Preferred     | \$15 co-pay                   | \$20 co-pay                    |
| Non-Preferred | \$15 co-pay                   | \$40 co-pay                    |
| Specialty     | \$15 co-pay                   | \$40 co-pay                    |

*90-day fill option:* For maintenance medications, 90-day prescriptions may be filled at retail pharmacies for two and a half times the cost of the co-pay.

*Over-the-counter drugs:* Medications available over the counter in the same prescribed strength will no longer be covered under the pharmacy plan.



## **EFFECTIVE JANUARY 1**

Additionally, the OGB CEO advised the Board of proposed changes to the OGB health program<sup>3</sup> effective January 1, when OGB members will have six plan options<sup>4</sup>:

1. **Pelican HRA 1000**– Low premiums combined with \$1000 in state funding for employee only plans and \$2000 for family plans will help members and their families get the health care they need in the Blue Cross nationwide network. The health reimbursement account offers \$1000 state dollars for single employees and \$2000 for families that can be used to offset the medical deductible. This plan is available for retirees as well as active employees.

| Medical Coverage                   |               |                   |                     |          |
|------------------------------------|---------------|-------------------|---------------------|----------|
|                                    | Employee-Only | Employee + Spouse | Employee + Children | Family   |
| Employer Contribution to HRA       | \$1,000       | \$2,000           | \$2,000             | \$2,000  |
| Deductible (in-network)            | \$2,000       | \$4,000           | \$4,000             | \$4,000  |
| Deductible (out-of-network)        | \$4,000       | \$8,000           | \$8,000             | \$8,000  |
| Out-of-pocket max (in-network)     | \$5,000       | \$10,000          | \$10,000            | \$10,000 |
| Out-of-pocket max (out-of-network) | \$10,000      | \$20,000          | \$20,000            | \$20,000 |
| Coinsurance (in-network)           | 20%           | 20%               | 20%                 | 20%      |
| Coinsurance (out-of-network)       | 40%           | 40%               | 40%                 | 40%      |

<sup>3</sup> OGB is making no change to the life insurance program.

<sup>4</sup> In the past, many members selected plans with higher costs and benefits than were necessary for the typical member's needs. So OGB's goal is to offer a wider range of options to give OGB members a chance to select exactly the right plan. OGB revised the plan names for several reasons: 1) plan benefits changed and 2) to encourage members to review each plan to determine which plan best meets their medical and financial needs.

2. **Pelican HSA 775** – A strong, stable network combined with a health savings account and matching state dollars allows members and their families to save money in an interest-bearing account that can be rolled over each year if not used. A health savings account offsets much of the plan’s deductible, and rolls over each year. Money that isn’t used earns interest and can be withdrawn at retirement to use for other expenses.

| Medical Coverage                      |                                                                                   |                      |                           |          |
|---------------------------------------|-----------------------------------------------------------------------------------|----------------------|---------------------------|----------|
|                                       | Employee-<br>Only                                                                 | Employee<br>+ Spouse | Employee<br>+<br>Children | Family   |
| Employer<br>Contribution to<br>HSA    | \$200, plus up to \$575 more dollar-for-dollar match of<br>employee contributions |                      |                           |          |
| Deductible<br>(in-network)            | \$2,000                                                                           | \$4,000              | \$4,000                   | \$4,000  |
| Deductible<br>(out-of-network)        | \$4,000                                                                           | \$8,000              | \$8,000                   | \$8,000  |
| Out-of-pocket max<br>(in-network)     | \$5,000                                                                           | \$10,000             | \$10,000                  | \$10,000 |
| Out-of-pocket max<br>(out-of-network) | \$10,000                                                                          | \$20,000             | \$20,000                  | \$20,000 |
| Coinsurance<br>(in-network)           | 20%                                                                               | 20%                  | 20%                       | 20%      |
| Coinsurance<br>(out-of-network)       | 40%                                                                               | 40%                  | 40%                       | 40%      |

3. **Magnolia Local** – This local plan varies based on your location. Shreveport, New Orleans and Baton Rouge networks are available for members who want low premiums and don't have needs that will take them out of the local area. This local coordinated care network product is designed for **Baton Rouge communities** (East & West Baton Rouge and Ascension Parishes), **Shreveport communities** (Caddo and Bossier Parishes) and **Orleans and Jefferson Parishes** in the Greater New Orleans area. This is a great health plan for people who want local access, a new approach to health and a lower priced insurance plan.

| Medical Coverage                   |               |                   |                     |             |
|------------------------------------|---------------|-------------------|---------------------|-------------|
|                                    | Employee-Only | Employee + Spouse | Employee + Children | Family      |
| Employer Contribution to HRA/HSA   | \$0           | \$0               | \$0                 | \$0         |
| Deductible (in-network)            | \$500         | \$1,500           | \$1,500             | \$1,500     |
| Deductible (out-of-network)        | No coverage   | No coverage       | No coverage         | No coverage |
| Out-of-pocket max (in-network)     | \$3,000       | \$9,000           | \$9,000             | \$9,000     |
| Out-of-pocket max (out-of-network) | No coverage   | No coverage       | No coverage         | No coverage |
| Co-Payment (in-network)            | \$25 / \$50   | \$25 / \$50       | \$25/\$50           | \$25/\$50   |
| Co-Payment (out-of-network)        | No coverage   | No coverage       | No coverage         | No coverage |



4. **Magnolia Local Plus**– This option offers the same benefits as the Magnolia Local plan, with an expanded network. This type of plan offers predictable co-payments that make this option attractive for members who need a larger coverage area.

| Medical Coverage                   |               |                   |                     |             |
|------------------------------------|---------------|-------------------|---------------------|-------------|
|                                    | Employee-Only | Employee + Spouse | Employee + Children | Family      |
| Employer Contribution to HRA/HSA   | \$0           | \$0               | \$0                 | \$0         |
| Deductible (in-network)            | \$500         | \$1,500           | \$1,500             | \$1,500     |
| Deductible (out-of-network)        | No coverage   | No coverage       | No coverage         | No coverage |
| Out-of-pocket max (in-network)     | \$3,000       | \$9,000           | \$9,000             | \$9,000     |
| Out-of-pocket max (out-of-network) | No coverage   | No coverage       | No coverage         | No coverage |
| Co-Payment (in-network)            | \$25 / \$50   | \$25 / \$50       | \$25/\$50           | \$25/\$50   |
| Co-Payment (out-of-network)        | No coverage   | No coverage       | No coverage         | No coverage |

5. **Magnolia Open Access** – Navigate a wide network with the open access plan, which provides coverage in and out of the Blue Cross nationwide network. This traditional plan offers the widest options for active employees and retirees. Low deductibles make it a good option for anyone who needs a broad network.

| Medical Coverage                   |                                |                                |                                |                                |
|------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                                    | Employee-<br>Only              | Employee<br>Spouse             | + Employee<br>Children         | + Family                       |
| Employer Contribution to HRA/HSA   | \$0                            | \$0                            | \$0                            | \$0                            |
| Deductible (in-network)            | \$1,000                        | \$3,000                        | \$3,000                        | \$3,000                        |
| Deductible (out-of-network)        | \$1,000                        | \$3,000                        | \$3,000                        | \$3,000                        |
| Out-of-pocket max (in-network)     | \$3,000                        | \$9,000                        | \$9,000                        | \$9,000                        |
| Out-of-pocket max (out-of-network) | \$4,000                        | \$12,000                       | \$12,000                       | \$12,000                       |
| Co-Insurance (in-network)          | 10% (active)<br>20% (retiree)* | 10% (active)<br>20% (retiree)* | 10% (active)<br>20% (retiree)* | 10% (active)<br>20% (retiree)* |
| Co-Insurance (out-of-network)      | 30% (active)<br>20% (retiree)* | 30% (active)<br>20% (retiree)* | 30% (active)<br>20% (retiree)* | 30% (active)<br>20% (retiree)* |

\*Retiree with Medicare

6. **Vantage Medical Home HMO** – OGB will continue to offer the regional Medical Home HMO plan from Vantage now in all regions of Louisiana.

| Medical Coverage                   |                                             |                                             |                                             |                                             |
|------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
|                                    | Employee-<br>Only                           | Employee<br>+ Spouse                        | Employee +<br>Children                      | Family                                      |
| Employer Contribution to HRA/HSA   | \$0                                         | \$0                                         | \$0                                         | \$0                                         |
| Deductible (in-network)            | \$500                                       | \$1,500                                     | \$1,500                                     | \$1,500                                     |
| Deductible (out-of-network)        | \$1,500                                     | \$3,000                                     | \$3,000                                     | \$3,000                                     |
| Out-of-pocket max (in-network)     | Tier I:<br>\$3,000<br>Tier II: see<br>below | Tier I:<br>\$9,000<br>Tier II: see<br>below | Tier I:<br>\$9,000<br>Tier II: see<br>below | Tier I:<br>\$9,000<br>Tier II: see<br>below |
| Out-of-pocket max (out-of-network) | None                                        | None                                        | None                                        | None                                        |
| Co-payment (in-network)            | \$0/\$35<br>\$10/\$45                       | \$0/\$35<br>\$10/\$45                       | \$0/\$35<br>\$10/\$45                       | \$0/\$35<br>\$10/\$45                       |
| Co-payment (out-of-network)        | 50%<br>subject to<br>deductible             | 50%<br>subject to<br>deductible             | 50% subject<br>to<br>deductible             | 50% subject<br>to<br>deductible             |

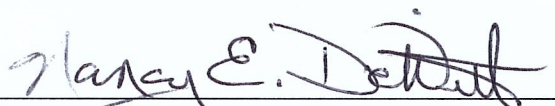
- **Tier I Providers**

Most participating providers are Tier I providers. Members seeing Tier I providers pay the Tier I co-pays, co-insurance and deductibles as listed in the Certificate of Coverage. (*Affinity Health Network Providers*)

- **Tier II Providers**

Tier II providers are participating providers whose cost may be higher than other similar participating providers. Members who choose to see these providers will have to pay an additional 20% coinsurance in addition to their Tier I cost share. There is no out-of-pocket maximum for Tier II services.

The information provided herein constitutes the report of the Board to the Legislature as prescribed by statute.

  
 Nancy DeWitt  
 Chairman