

OGB Policy and Planning Board
Meeting Summary - May 22, 2008

The Office of Group Benefits Policy and Planning Board did not have a quorum at today's meeting and was therefore unable to take any formal action. The following issues were discussed:

- OGB is in “very good shape” financially, noted OGB actuary Tom Tomczyk of Mercer, and presently has a \$249 million surplus, largely due to:
 - o OGB decisions in 2006-07 that eliminated some plans, which caused plan members to change to other plans with lower costs, thus generating a one-time increase in revenue;
 - o OGB's decision to offer only self-insured plans, thus reaping the resulting cost savings;
 - o Plan costs for OGB retirees that remain in line with costs in other states; and
 - o Increased plan member utilization of available generic drugs at a rate of about 57 percent-- which is important because each one percent increase in utilization lowers drug costs by about one percent--due to wider availability of generic drugs and effective communication about cost savings realized by both OGB and plan members when available generic drugs are utilized.
- The state's accrued liability for retiree benefits such as health coverage and life insurance payable in the future now stands at an estimated \$12.9 billion. This figure, which continues to grow as long as it remains unfunded, is commonly referred to as GASB 45 liability because the federal Government Accounting Standards Board recently required state and local governments to begin reporting it on financial statements). The issue must be addressed to avoid the financial necessity of eliminating medical benefits for state retirees in the future, as has occurred throughout the private sector. Proposed bills now under consideration by the Louisiana Legislature would create a trust fund for this purpose. Frank Joubert of the Retired State Employees Association asked the board to help raise awareness of the need to allocate funding for the state's GASB 45 liability.
- The average turnaround time for claims paid by OGB is now 2.1 days, which far exceeds industry standards.
- OGB called for nominations for four board seats up for election this year:
 - o Two nominees will vie for a seat representing employees of the Department of Social Services and the Department of Health and Hospitals. The election takes place May 28 through June 20 via mail-in ballots and online and phone voting. The winner takes office in July.
 - o Incumbent board member Jackie Self was the only nominee to represent teachers and other school employees, so he will continue to serve on the board.
 - o No nominations were received for the other two seats. One represents Department of Transportation and Development employees; the other represents retired teachers and other retired public school employees. Board members will consider appointing representatives to fill these seats at the next meeting.
- A contract was approved effective June 1 allowing DHH to utilize OGB's PPO provider network to provide health coverage for children under age 19 in families with income up to 250 percent above the federal poverty level--at no cost to OGB. The program covers thousands of children whose families otherwise could not afford health coverage.
- The current contractor for OGB's disease management program has indicated that the company is unable to fulfill the terms of the contract at the negotiated rate. OGB issued a notice of intent to contract (NIC) on May 5 and received responses from 15 companies who expressed interest in submitting proposals by the June 20 deadline.