

Group Benefits Policy and Planning Board

Meeting Summary – October 30, 2012

The Group Benefits Policy and Planning Board met October 30, 2012, with 7 members present: Barry Blumberg, Dr. Merline Broussard, Rikki Nicole David, Nancy DeWitt, Kenneth Krefft, James Lee and Janet Lorena. Because they did not constitute a quorum, no action was taken.

At the request of Dr. Broussard, board members observed a moment of silence in honor of longtime board member Dr. Barbara Cicardo, who passed away in September.

Tom Tomczyk of Buck Consultants presented an actuarial report:

- In response to a previous request from the board for information about costs and benefits of a tobacco surcharge/discount program, Mr. Tomczyk offered a summary of such initiatives in other states. He noted that smoking is the leading cause of preventable death, circulatory problems, hypertension and cancer. He also cited an estimate from the federal Centers for Disease Control and Prevention that each worker who smokes costs his or her employer nearly \$3,400 per year more than a non-smoking employee and said about half of that increase is related to loss of productivity and the other half is due to additional claim costs. Mr. Tomczyk reported that Alabama, Georgia, Indiana, West Virginia, Kentucky, Missouri, Tennessee and South Carolina all charge higher premiums to state employees who smoke. He noted that a tobacco cessation program must be tied to an overall wellness program and said it is important to spend at least 6 months communicating with employees in advance via emails, newsletters, letters and online.
- Turning to financial matters, Mr. Tomczyk provided information about expenses for the 2012 fiscal year, which ended June 30, 2012:
 - o PPO plan costs for medical care and prescription drugs went up 6.2 percent for active employees, 5.5 percent for retirees without Medicare and 10.9 percent for retirees with Medicare.
 - o HMO plan costs for medical care and prescription drugs increased 7.9 percent for active employees, 10.8 percent for retirees without Medicare coverage and 10.3 percent for retirees with Medicare.
 - o The generic drug utilization rate rose to just over 68 percent for PPO plan members and almost 71 percent for HMO plan members.

Brenda St. Romain, chief operating officer for the Office of Group Benefits, provided highlights of OGB operations:

- OGB's fund balance was \$474 million on September 30, compared to \$481 million on December 31, 2011.
- OGB enrollment has remained about the same, as has membership and average age of plan members.

Responding to a question from Commissioner of Administration Kristy Nichols about whether revenues are keeping pace with expenses, Mr. Tomczyk said OGB can expect a slight loss for the year.

Turning to old business, Ms. St. Romain announced that Commissioner of Insurance Jim Donelon has designated Emma Fontenot, deputy commissioner for health at the Louisiana Department of Insurance, to serve as his representative on the board.

Ms. DeWitt explained the board's ongoing difficulty in obtaining a quorum and asked how many seats currently are vacant. Lelia Clack of OGB listed four seats – a CPA, a medical director and 2 at-large seats – all of which are appointed by the governor. Ms. DeWitt then urged Ms. Nichols to urge the governor to make appointments to fill those vacancies and the commissioner replied that she would do so.

Citing the dangers of travel, Mr. Krefft made a motion to allow virtual attendance by board members who live 200 or more miles from Baton Rouge. With no quorum, his motion was not seconded and no action was taken.

Turning to new business, the board tentatively agreed to hold the next board meeting on December 5.