OGB Policy and Planning Board

Meeting Summary – September 14, 2009

The Office of Group Benefits Policy and Planning Board met Monday, September 14, 2009, with eight members (Rep. Robert Billiot, Sen. Butch Gautreau, Kenneth Krefft, Hubert Lincecum, Janet Lorena, Rick Ramsey, Jackie Self and Aubrey Temple) in attendance.

OGB actuary Tom Tomczyk of Mercer presented highlights of the financial report:

- OGB had a fund balance of $398,222,022 as of June 30, 2009, "about four and a half months of expenses—a sound financial position." The jump in claims during June is attributed to plan member concerns about state budget cuts, potential layoffs and a resulting loss of coverage. This apparently prompted action by plan members who previously postponed checkups, medical procedures and surgery.
- The utilization rate for generic drugs "continues to go up steadily." As of June 30, 2009, OGB's generic utilization average was 61.2 percent, resulting in savings for both plan members and OGB. That figure represents an increase over the 55.6 percent generic drug utilization rate as of June 30, 2008. OGB's goal of a mid-to-high-60 percent utilization rate is reachable.
- OGB experienced increases of 10.1 percent in overall health care costs and 10.3 percent in prescription drug costs over the past year. Aging of employees is a big factor.
- The unit cost for generic drugs is flat, but the average cost of brand drug prescriptions increased 14 percent over the past year, with an average prescription cost of $137.53 for fiscal year 2009, compared to $120.56 for fiscal year 2008. For generic drugs, those figures were $17.94 for fiscal year 2009 and $18.04 for fiscal year 2008.

OGB chief executive officer Tommy D. Teague reported on OGB operations:

- In July 2009, OGB spent $87.1 million on claims as compared to $110.7 million in June.
- The GASB liability for retiree health care benefits now stands at about $13.7 billion. This information was provided to the Commission on Streamlining Government. The only ways to reduce that amount are to make changes to the state share of premiums or the retiree participation schedule.
- OGB is awaiting direction from the administration prior to issuing notices of intent to contract for administration of prescription drug benefits, mental health and substance abuse treatment benefits and self-insured health plans.

Board members voted unanimously to:

- Approve the minutes of the meeting held May 29, 2009.
- Request that OGB prepare a fiscal impact statement for board members on raising the termination age for all children to age 24, regardless of student status.
- Re-elect Mr. Temple as chair, Mr. Lincecum as vice-chair and Mr. James Lee as secretary for the 2009-10 fiscal year.