Employees Have A Choice Of Two Statewide Plans

In 2009, employees in all parts of the state, for the first time, had two statewide carriers from which to choose. Previously, Blue Cross Blue Shield of Georgia, Kaiser Permanente and UnitedHealthcare covered state employees, but only United had a statewide network. The benefits system leaned advantageously toward employees who lived in or near Atlanta, though more than half of them lived in other towns or rural areas.

UnitedHealthcare has not been hurt by new, statewide competition. "We didn't see a lot of movement from United when CIGNA entered. It had been one of our choices a lot longer, and a lot of people just stayed with them," Goldstein said. At present, UnitedHealthcare has about 628,893 state members, including 67,950 in Medicare Advantage, and CIGNA has 59,845 members, including 7,336 in Medicare.

The state is the largest employer in Georgia, and the Georgia Blue plan and Kaiser took a painful blow with the loss of their contracts. WellPoint-owned Blue Cross had 163,340 SHBP members in 2008, and Kaiser more than 42,000. Though Kaiser did not win a renewal contract, its state members were allowed to stay in the plan in 2009 to have time to find new physicians. Kaiser uses its own physicians and clinics almost exclusively, so it was necessary for state employees to change providers.

Outlook

Georgia's move into consumer-driven health plan is yet another indication that the CDHP movement is reaching critical mass. While the cost savings are obvious, the state will need to take steps to ensure its employees are getting appropriate care. The state is wise to provide disease management progams and make critical prescription drugs affordable for those enrolled in health reimbursement arrangements. ■

Louisiana May Overhaul State Plan With CDHP, New Managers

BY JAN SHUXTEAU

Louisiana's Office of Group Benefits, which supervises state employee benefit plans, put several balls up in the air and is now deciding which ones to juggle. Prior to April open enrollment, OGB is evaluating proposals to administer the EPO and HMO plans and manage pharmacy benefits and mental health/substance abuse treatment, along with a new consumer-driven health plan to be added to the benefit package this year. The agency has also solicited proposals to privatize the PPO now administered by OGB.

"Our goal is to provide our plan members with the best possible plan choices that offer the greatest economy and efficiency," said OGB CEO Tommy Teague.

Currently, Louisiana offers four self-insured health plans for state employees and dependents: a PPO that it administers, an HMO administered by Humana and an EPO administered by UnitedHealthcare. The EPO features a national network of hospitals and physicians, which makes it a good choice for employees whose children are in colleges outside the state and retirees who no longer live in Louisiana.

The state also offers a medical home HMO plan fully insured by Vantage Health Plan. The plan began in September 2009 and 3,898 members signed up. They were required to select a primary-care physician from Vantage's network of about 143 physicians in Louisiana's Region 9, which comprises 10 parishes in northeast Louisiana. The providers (internal medicine, family physicians and pediatricians) coordinate referrals.

Physicians are reimbursed with a combination of fee-for-service and capitation, said Billy Justice, director of marketing and member services for Vantage.

In addition, OGB offers five Medicare Advantage plans for retired state employees and covered dependents, if applicable, who have Medicare Part A and Part B. Humana offers both a regional HMO and a private-fee-for-service MA plan for state employees, while United Healthcare's SecureHorizons offers a Medicare Direct PFFS plan. Both Vantage and People's Health offer an HMO-POS plan.

The state pays about $6,250 per enrollee. It pays 75 percent of the cost of PPO plan premiums for active employees and for retirees and their dependents and 50 percent of the cost for active employees' dependents. If an employee chooses a plan with premiums higher than the PPO, he or she pays the difference. The average premium for this fiscal year is $552 per month, including the state and employee portion.

Table 3-1: Louisiana OGB Medicare Advantage Enrollment

Plan	Enrollment (Nov. 2009)	Type of Plan	Louisiana Coverage
Humana	78,523	PFFS, HMO/POS, Regional PPO	HMO in 30 parishes, PFFS statewide
People's Health	42,681	HMO/POS, Local PPO	HMO/POS in 14 parishes
SecureHorizons	3,126	PFFS	Statewide
Vantage Health Plan	3,605	HMOs	Statewide

Source: Louisiana Office of Group Benefits

It is the state-administered PPO plan that could be privatized—other plans are already administered by private companies. "The Division of Administration is actively seeking innovative ways to cut costs for various services while maintaining or improving service to the public," Teague said.

In the early 1980s, the state determined that OGB would self-administer employees' major medical plan, the only health plan available at the time. "Over the years, this has proved to be a good arrangement, and OGB has invested in both technology and staff to develop the necessary infrastructure to operate the PPO plan cost-effectively while providing excellent customer service," Teague said. OGB's administration rate is about 2.9 percent, and it has about 330 employees.

OGB Includes Effort To Keep Pharma Costs Down

OGB plans cover about 260,000 employees, dependents and retirees—with about 115,000 enrolled in Humana's HMO plan, 37,000 in UnitedHealthcare's EPO, 69,000 in the state-administered PPO and 3,000 in the new medical home HMO plan fully insured by Vantage.

Changes in 2010-2011 plan designs have not yet been announced, but the Group Benefits Policy and Planning Board agreed that preauthorization programs by plans should be allowed for high-cost outpatient imaging such as CT and PET scans and MRIs. It agreed that current pharmacy benefits should be modified to include certain over-the-counter and specialty drugs (excluding oncology drugs that will be covered under the standard prescription drug benefit) and mandatory generic drugs should be required when available.

As with other state programs, prescription drugs are a major expense for the Louisiana program. As of June 30, 2009, pharmacy costs totaled $242 million, or about 21.6 percent of total expenditures, Teague said.

The state currently contracts with CatalystRX for pharmacy benefit management. The company selected for the next fiscal year must have a mail-order program, a point-of-sale adjudication system that can handle OGB's claim volume, a specialty drug program and the ability to administer paper claim transactions, as well as meet the mandatory generic requirement.

The 2009/2010 benefit plans have in-network and out-of-network pharmacy benefits. They require members to pay 50 percent of drug costs up to $50 until they reach a $1,200 per person deductible with in-network pharmacies. After $1,200 is reached, copays are $15 for brand drugs and $0 for generics. Reimbursement for out-of-network pharmacy is limited to 50 percent of the amount payable by the plan at an in-network pharmacy. The exception is out-of-state pharmacies, which are reimbursed at 80 percent.

Table 3-2: Office Of Group Benefits Schedule Of Rates Through July 2010*

	Statewide PPO Rates			Statewide EPO Rates			Statewide HMO Rates			Region 9 Medical Home		
	State Share	Emp Share	Total	State Share	Emp Share	Total	State Share	Emp Share	Total	State Share	Emp Share	Total
Single	$418.98	$139.66	$584.64	$418.98	$162.06	$581.04	$402.28	$134.08	$536.36	$390.00	$133.00	$532.00
Family	$765.36	$486.04	$1,251.40	$765.36	$536.08	$1,301.44	$734.78	$466.58	$1,201.36	$728.84	$462.84	$1,191.68

*Active employees

Source: Office of Group Benefits

Plan For HDHPs And Health Savings Accounts

In the fall meeting, Teague told the panel that the state proposed a high-deductible health plan with deductibles of $1,250 for individual coverage, $2,500 for a couple and $3,000 for a family. OGB expects to contribute an initial $100 to an HSA in July of each year. It expects the plan to have unlimited preventive care with no deductible and maintenance drugs not subject to the deductible but requiring a copay. It expects the plan to pay 80 percent of eligible medical expenses up to $10,000 and then 100 percent of eligible medical expenses for the remainder of the plan year.

CDHPs are expected to save the state money, just as they have in other states. In the private sector, Louisianans have widely accepted CDHPs, so it is no surprise that they would be adopted by OGB. Nationwide, Louisiana was 13th among the states for CDHP/HSA enrollment in 2008, according to America's Health Insurance Plans' January 2009 census. According to HealthLeaders-InterStudy, there were 207,348 CDHP enrollees in Louisiana as of July 2009, making up 11 percent of the commercial market.

OGB's new benefits package will begin July 1 for fiscal year 2011. Premiums went up an average of 3 percent for 2009-2010, and will probably increase a little in the upcoming year if Louisiana follows trends in other states. At present, Louisiana's state plans all include coverage for prescription drugs, mental health and substance abuse treatment, wellness and disease management, inpatient and outpatient services and some screenings. The PPO plan has a $500 deductible for active employees and a $300 deductible for retirees. After the deductible is met, the plan has 90/10 in-network coinsurance.

The disease management program, Living Well Louisiana, makes health coaches available at no cost to OGB plan members with diabetes, heart disease, heart failure, asthma or chronic obstructive pulmonary disease. In addition to coaching services, participants receive reduced copays for prescription drugs used to treat their chronic conditions. OGB waives the $1,200 plan year deductible on applicable prescriptions, so eligible participants pay $15 for brand drugs and $0 for generics.

Outlook

New options may be available to Louisiana state employees when annual enrollment begins. If premiums go low and the state contributes more to fund HSA's attached to the plans, CDHPs will catch on with state employees just as they have with private-sector employees. The state is using $0 copays for generic drugs in an effort to encourage their use and keep costs down and has stepped up to the plate with a medical home plan that had the lowest premium costs among this year's carriers.