

Minutes from the Meeting of the Policy and Planning Board

October 17, 2001

CALL TO ORDER

Mr. Hubert Lincecum, vice chairman called the meeting of the Policy and Planning Board to order.

ROLL CALL

Members Present

Mr. Charles Castaing
Dr. Barbara Cicardo
Mr. Russell Culotta
Mr. Charles Lazare
Mr. Hubert Lincecum
Mr. Richard O'Shee
Rep. Tank Powell
Senator Tom Schedler*
Mr. John Warner Smith

Members Absent

Dr. Merline Broussard
Dr. James Calvin
Mr. Robert Greer
Mr. James Lee
Mr. Jackie Self
Mr. Kelly Ward
Mr. Aubrey Temple

Roll call indicated eight board members present, representing a quorum.

*Senator Schedler arrived after roll call.

APPROVAL OF MINUTES OF AUGUST 29, 2001 BOARD MEETING

The minutes of the August 29, 2001 board meeting were presented for approval.

A motion was made by Mr. Culotta, seconded by Dr. Cicardo, to accept the minutes as presented. There being no objection the minutes were approved.

Mr. Lincecum requested a moment of silence in honor of all the people who died in the September 11, 2001 tragedy and all of the armed forces personnel throughout the world.

Mr. Culotta requested that everyone stand and recite the Pledge of Alliance. He also requested that the Pledge of Allegiance be recited at the beginning of each board meeting.

FY 2002 - 2003 PLAN OF BENEFITS

Mr. Wall provided information that the health plan of the State of Florida expects a deficit of \$120 million, and in Colorado the expected average increase for health care

cost for state employees will be approximately 176%. The Federal Employee Health Benefit Plans are rising, on average, 13%. Half of the participants in the program are insured through Blue Cross and Blue Shield, and with their standard option the rates will increase 17.2% for family and 20% for individuals.

Mr. Wall presented and reviewed the benefit modification proposals for plan year 2002-2003.

1. Implementation of three health care benefit plans

- **EPO** - Retain basic structure. Add a \$300 deductible for non-physician services.

Mr. Wall stated that there may be a reduction in the coinsurance on pharmaceutical benefits, but more experience needs to be reviewed before this would be implemented.

- **PPO** - Continue program with monitoring of drug utilization.

The proposed coinsurance for pharmaceutical benefits would be a 50%-50% with a maximum per script at \$40 to \$45 with a maximum out of pocket expense of \$1,000 to \$1,200. After a plan member reaches the maximum out of pocket, he will pay a \$15 co-pay for each brand name drug purchase and no co-payment for generic drug purchases.

- **MCO** - Minimal Coverage Option. Develop a low cost health plan providing reduced coverage to create a health care option for lower paid employees.

Mr. Wall stated that the MCO would probably not be offered for plan year 2002-2003.

2. Implementation of four-tier premium structure

- Employing agency will pay 65% of active employee premium only. Employing agency will pay 50% of the additional premium for spouse, dependant, and family coverage of active employees.

Mr. Wall stated that premium rates will not be available until approximately February or March 2002. The consulting actuary needs to review more data before the rates can be determined.

3. Establish a Medical Flexible Spending Account

- Health Care Flexible Spending Account to be administered by a third party. This will be offered to employees of state agencies only.

Mr. Wall stated that an ITB for an administrator is in the approval process. The proposed implementation date is January 1, 2002.

4. Provide optional dental and vision coverage

- Create a discount network for dental and vision services through a RFP process. The plan member will pay the costs for these services.

Mr. Wall stated that a committee of stakeholders has been appointed. The proposed implementation date is July 1, 2002.

5. Establish optional life insurance coverage

- Increase amounts of life insurance plan members are permitted to purchase.
- Evaluate options for permitting employees to continue coverage after terminating employment.
- Consider offering long-term disability coverage.

Representative Powell is working on these issues.

6. Consider including coverage of surgical treatments for the condition of morbid obesity.

Mr. Wall and Dr. McKnight met with representatives of Pennington Biomedical Center to discuss options. More data must be collected on this issue.

7. Consider allowing individuals that qualify for participation in the federally sponsored Tricare health insurance program to withdraw from OGB with the option to rejoin the program at a later date.

Mr. Wall stated that Arthur Andersen reviewed this issue and indicated that this would have a positive impact on the program. He is recommending to the Division of Administration that this be implemented.

8. Consider including coverage for services associated with medical treatment arising from suicide attempts.

Mr. Wall stated that this is under consideration, but has not been incorporated in the plan document.

9. Allow purchase of a 90 day supply of prescription for 3 co-pays.

Mr. Wall stated that many plan members have requested that this be allowed. He stated that the program needs to review the drug costs through the month of October and then make a recommendation of allowing plan members to purchase a 90-day supply of prescription drugs for 3 co-pays.

Representative Powell left the meeting at this point.

PLAN DOCUMENT

Mr. Wall provided to the board for informational purposes a draft of the plan document for the PPO and EPO for an effective date of July 1, 2002 with proposed changes. Mr. Benoit explained proposed changes to the plan document.

BOARD RESPONSIBILITY

Mr. Wall reviewed the Statute regarding the responsibility of the board in regard to the plan of benefits. Mr. Wall reviewed Section 42:881, Policy and Planning Board. This is the new law that establishes the Policy and Planning Board within the Office of Group Benefits. The statute provides that the board shall review life and health benefit programs offered to eligible employees. Annually, the chief executive officer shall submit any proposed changes to the life and health benefits program to the board for review prior to the final adoption of the plan. The board shall submit a written report to the appropriate legislative oversight committee, including any comments and recommendations regarding modifications to such proposed plans. Therefore, the board is required by statute to submit a report to the House Appropriations Committee and the Senate Finance Committee on the proposed changes. Mr. Wall asked how the board wanted the report drafted, issues addressed in the report, and how it would be handled administratively. The report will be recommendations and comments from the Board. Dr. Cicardo asked if a minority report would be included in the final submitted report. Mr. Benoit advised that the statute requires "a report from the Board", but it does not indicate that the report cannot include comments from the minority. Mr. O'Shee suggested that the board needs to consider how it will address the report issue and then adopt a motion on whether it will be a single report or a majority and minority report. If more than one report is made then the process could be cumbersome. Senator Schedler suggested putting the recorded votes by name on the cover sheet and how each member voted on the report. He stated that when the report is reviewed by the legislative committees, if board members have any comments, they can then speak to the committee at that time. Mr. Lincecum suggested that the report be prepared and have a place for all the members to sign and indicate agreement or not. Mr. O'Shee suggested that any board member who wants could attach a letter explaining why he dissented from the report

Dr. Cicardo requested that a notice be put in the OGB newsletter requesting that plan members writing to board members provide a return address and that board members will not open anything without a return address. This is due to the September 11, 2001 attack and subsequent events.

Dr. Cicardo asked what liability board members currently have under the new statute. Mr. Wall stated that he could not advise the board on the liability issue.

A motion was made by Mr. Castaing, seconded by Mr. Culotta, to move on to another issue. There being no objection, the motion passed.

CEO REPORT

Employee of the Month

Mr. Wall introduced Mrs. Denise Joseph, June 2001, Employee of the Month. Mrs. Joseph has worked with Mr. Wall for over six years as his administrative assistant. Mr. Wall thanked her for her efforts and contribution to the agency.

Provider Contract Status Report/Operations - ACD Telephone Calls/Key Indicators - Where Does the Money Go?/Legal Report

The Provider Contract Status Report was presented for review.

Mr. Wall presented the report "Where Does the Money Go?" an overview of claims expenses. He reported on the Schedule for Revenues and Expenses for September 2001. Total Revenues - \$59,732,535; total expenses - \$65,590,248; and pended claims at September 30, 2001 - \$0.00. The coverage analysis report indicates the breakdown of expenses for medical claims.

The Operations - ACD Telephone Calls Report, Key Indicators Report and the Legal Report were presented for review.

Mr. Wall reported that the drug expense has decreased significantly. If the drug expenses do not increase significantly, then the program will allow a 90-day for three co-pays option.

OLD BUSINESS

Survey for Non-Participating Members

Mr. Wall distributed a copy of a survey being conducted by OGB of non-participating employees. Approximately 1,130 surveys had been distributed and 140 have been completed and returned. The preliminary results indicate that approximately 79% say they have some type of health insurance; 89% have private insurance; approximately 80% have health insurance coverage through a spouse's employer; and 51% do not participate due to the cost.

Vesting Requirement

Mr. Wall reported that another letter informing employees of the new vesting requirement and schedule has been mailed. He stated that currently there has not been an increase in membership attributable to the new vesting requirement.

Mr. Wall provided the board a copy of the Notice of Intent for the vesting requirement rule. The noticeable change is that, in order to be grandfathered, the spouse and/or dependents will be required to enroll in the program on or before June 30, 2002. Currently the program is only applying the vesting requirement for employees. In order for spouses and dependents to be vested, they will have to be enrolled before July 1, 2002. If this rule is adopted, it will be final prior to annual enrollment for 2002-2003 plan year, and plan members will have the opportunity to enroll spouses and dependents to meet the June 30, 2002 deadline.

Retiree Billing and Premium Collection

Act 455 of the 2001 Regular Louisiana Legislature Session permits state agencies to rehire retirees after a 12-month period with no penalty, and it has generated a question as to how the program will handle these employees. The program views such individuals as retirees. A covered retiree who returns to work for the State will continue to be handled as a retiree.

Draft Policy on Active Military Duty

Mr. Wall provided the Board with a draft policy on employees called to active military duty. The program's policy will extend coverage to state employees who are called to active military duty to the broadest degree possible. The National Guard has advised the program that in some cases the National Guard will pay for coverage while the individual is on active duty.

NEW BUSINESS

Point of Personal Privilege

Dr. Cicardo stated that she addresses specific issues all the time, and to her knowledge, has made only one philosophical speech. She does not denigrate any other board member and does not appreciate it done to her. She handles things herself. She is interested, if this is a board that represents people, that she has her say. She is not interested in hanging business up, but she is not going to be silenced by what appears to her to be an attempt to rubber stamp the state administration's rules at times. She expects the professional treatment given to her that she gives to her colleagues on the board.

ADJOURN

There being no further business to discuss, a motion was made by Mr. Culotta, seconded by Dr. Cicardo, to adjourn. With no opposition, the motion was unanimously adopted.