

Minutes from the Meeting of the Policy and Planning Board

July 25, 2001

CALL TO ORDER

Mr. Aubrey Temple, chairman called the meeting of the Policy and Planning Board to order.

ROLL CALL

Members Present

Dr. Merline Broussard
Dr. James Calvin
Dr. Barbara Cicardo
Mr. Charles Lazare
Mr. James Lee
Mr. Richard O'Shee
Rep. Tank Powell
Mr. Jackie Self
Mr. John Warner Smith
Mr. Kelly Ward*
Mr. Aubrey Temple

Members Absent

Mr. Charles Castaing
Mr. Russell Culotta
Mr. Robert Greer
Mr. Hubert Lincecum
Senator Tom Schedler

Roll call indicated eleven (11) Board Members present, representing a quorum.

*Mr. Kelly Ward arrived after roll call.

APPROVAL OF MINUTES OF JUNE 27, 2001 BOARD MEETING

The minutes of the June 27, 2001 board meeting were presented for approval.

Mr. Lee noted that the minutes of the June 27, 2001 meeting should reflect that Mr. Jackie Self was sworn in as a new board member filling the seat vacated by Ms. Mary McDaniel, representing Teachers and Other School Employees of Elementary and Secondary Schools.

A motion was made by Mr. Lee, seconded by Mr. Lazare, to accept the minutes of the June 27, 2001 meeting with the correction noted by Mr. Lee. There being no objection the minutes were approved.

ELECTION OF OFFICERS FOR 2001-2002

Chairman

Mr. Lee assumed the Chair and opened the floor for nominations for the Chairman of the Board.

A motion was made by Mr. Lee, seconded by Rep. Powell, to nominate Mr. Aubrey Temple as Chairman of the Board. There were no other nominations. There being no opposition Mr. Temple was elected as Chairman of the Board.

Vice Chairman

Mr. Temple resumed the Chair and opened the floor for nominations for the Vice-Chairman of the Board.

A motion was made by Mr. Lee, seconded by Mr. Temple, to nominate Mr. Hubert Lincecum as Vice Chairman of the Board. There were no other nominations. There being no opposition Mr. Lincecum was elected as Vice Chairman of the Board.

Secretary

Mr. Temple opened the floor for nominations for the Secretary of the Board.

A motion was made by Dr. Broussard, seconded by Rep. Powell, to nominate Mr. James Lee as Secretary of the Board. There were no other nominations. There being no opposition, Mr. Lee was elected as Secretary of the Board.

CEO REPORT

Employee of the Month

There was no presentation of employee of the month.

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. There were no outstanding contracts for June 2001.

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 June 2001. Total Revenues - \$27,666,924; total expenses - \$48,644,819; and pended claims at June 30, 2001 - \$11,244,825. 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.

LIFE INSURANCE CONTRACT

Mr. Wall reported that Prudential now administers the life insurance program for the Office of Group Benefits. Rep. Powell stated that the maximum life insurance of \$50,000 is too low, and there is no conversion privilege when leaving state employment. Rep. Powell requested that a committee be formed to work with Prudential to enhance the life insurance program. Mr. Temple requested that Rep. Powell chair the Life Insurance Committee and asked for volunteers to serve on the committee.

Mr. Wall provided copies of a survey of Employee Benefits Plan Review, an annual survey of TPAs. In the survey the average cost of TPA services per member per month (pmpm) for a PPO program is \$21.00. OGB program has approximately 122,000 members. At \$21.00 pmpm that would be an annual expense of approximately \$30 million. With the program's annual administrative expense at approximately \$25 million, it is operating at a lower expense ratio than most private TPAs according to the survey. Mr. Wall stated that the Program would be increasing administrative cost by increasing personnel in the customer service section to provide an increase of service to plan members.

Enrollment

Mr. Wall provided the Enrollment Migration Chart for July 2001. Amcare ASO - Lafayette and Alexandria, 1,985 members enrolled, Amcare ASO - Thibodaux, 89 members enrolled, EPO 26,665 members enrolled (compared to 28,600 last year), Ochsner - Baton Rouge, 12,081 members enrolled, Ochsner - Houma, 3,933 member enrolled, Ochsner - New Orleans, 10,030, PPO 67,089 members enrolled, and Vantage Health Plan, 454 members enrolled.

Dr. Cicardo asked about the NPPN contract cancellation. Mr. Wall stated there were problems with administering the NPPN claims and the staff's ability to document savings to the program, so it was discontinued.

Mr. Wall reported on the ABF contract. This is a system that will enable the Program to combine checks and EOBs in one mailing to providers and plan members. A re-designed voucher will be mailed to providers and plan members. The projected implementation date is September 1, 2001. Mr. Wall stated that he would have a copy of the re-designed EOB mailed to board members.

Mr. Wall reported that the program has arranged with LSU Hospital System to waive any deductibles for PPO members who access LSU's facilities and hospitals. LSU has agreed to accept a lower reimbursement rate. This should be implemented on September 1, 2001. This was a recommendation from the Study Commission.

Mr. Wall reported that Ms. Angele Davis, Deputy Commissioner of Administration, would attend the next board meeting to discuss the functions of the Board and to provide an overview of how the program and the board will be moving forward in the future.

Mr. Wall stated that he would not recommend major revisions in the Plan of Benefits for 2002-2003. The proposed plan of benefits will be presented at the August Board meeting. At that time the Board will have the opportunity to review the proposed changes and provide the Board's comments to the legislature. Mr. Wall requested that any members of the Board having issues that they would like to review provide the information to him so that the staff can evaluate the impact and report to the board. Mr. Temple stated that the Benefits Committee should meet before the next Board meeting.

Mr. Temple stated that with the change that the board has undergone that the responsibility of the Board is greater, and it is the voice of retirees and active employees of the State of Louisiana.

Mr. Wall stated that the Program is anticipating a significant increase for next year. Across the industry, health care costs are increasing by 10%. Providers will be requesting an increase in reimbursement rates for next year.

Dr. Cicardo requested that Ms. Davis provide the Board with a concrete example of what policy is to be addressed by the Board. Dr. Cicardo requested clarification of the term limits stated in the legislation. She also stated that the legislation did not require that the higher education representative be a participating member of the program as the previous legislation required. Mr. Wall stated there were no changes made to the requirement of board members in the legislation. They are the same as the previous qualifications.

Dr. Broussard requested that the surgical treatment of morbid obesity be addressed as a benefit option. Mr. Ward suggested a cost analysis for adding this benefit. Mr. Wall stated that he would contact Pennington Biomedical Research Center and obtain information on the surgical treatment of morbid obesity.

Mr. Lazare stated that plan member education is needed to inform members that the plan of benefits and physician directories are on the website.

Dr. Calvin requested a comparison summary of the plan of benefits for 2000-2001 and 2001-2002. Mr. Wall stated that he would have this information mailed to each member.

Mr. Lee suggested that the program hire a pharmaceutical expert to review the plan and to suggest enhancements that would not cost the program. Mr. Wall stated that implementation of the new Medstat decision support software will give the program the ability to analyze data, utilization, and trends and to compare it to other states. This will enable the program to review treatment and disease patterns within the program's population and provide plan members information in regard to best practices in the treatment of various diseases. This will enable the program to work with the physician community to direct plan members to a more efficient and cost effective care. The treatment of any medical condition would ultimately remain with the plan member and treating physician.

Mr. Wall provided the Board with the new logo for the Office of Group Benefits. The current stationery and supplies will be exhausted before the new stationery is used.

Mr. Simmons of Arthur Andersen explained the process that he utilized to project an estimated year cash balance of approximately \$20 million for FY 2001-2002.

Mr. O'Shee left the meeting at this time.

Mr. Wall advised that he would be mailing the Board members two audit reports of the program's claims operations. The two independently conducted reports were comparable and indicated that the program is within the industry standard for claims adjudication accuracy. There were several recommendations also included in the reports which the program staff is addressing.

Mr. Ward requested information on the status of the number of members who have joined due to the new vesting rule. Mr. Wall stated that currently approximately 200

or 300 new members have joined due to the new vesting requirements. He stated that he has sent correspondence to LASERS, Civil Service, Retired Teachers, Retired State Employees Association, LAE, LFT, and each agency currently participating in the program notifying them of this change and requesting that they advise their employees and/or members. This information will be mailed out again in September 2001. Also, there will be a direct mailing sent to all LASERS and Teachers Retirement System members notifying them of this change. Properly completed enrollment documents must be received by OGB by November 14, 2001 in order to be enrolled before January 1, 2002.

Dr. Broussard asked about School Boards that join the program after January 1, 2001 and their active members who have fewer than 20 years service before retirement, how does the vesting requirement affect them? Mr. Wall stated that he would review this issue and report back to the board.

FRAUD DETECTION

Ms. Francine Juneau, Benefits and Plan Administrator reported on the Auto-Audit software that the Program utilizes. The Auto-Audit is a medical logic program used by OGB that detects provider billing errors and assists the program in allowing proper benefits. Ms. Juneau reported that the software has helped educate the providers on proper billing procedures and protected the program from incorrectly inflated bills. In calendar year 2000, the program saved \$4.96 million using this software.

Mr. Temple and Mr. Smith left the meeting.

Mr. Lee assumed the Chair.

Mr. Wall reported that a RFP for Electronic Data Processing (EDP) Auditing and Consulting Services would be issued next month. This will allow comparison of the program's claims to national averages and review any improper billing practices. Abuse is a larger problem than fraud.

Dr. Calvin requested clarification information on the DME contract. Mr. Wall explained the contract and the method of payment utilized to provide the numerous items classified as DME.

OLD BUSINESS

No old business was presented.

NEW BUSINESS

No new business was presented.

ADJOURN

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