MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE INFORMATIONAL MEETING
HELD ON DECEMBER 1, 2016

PRESENT: Mark L. Morgan, Chair (participated by teleconference)
Richard A. Luettich, Jr., Com. Member (participated by teleconference)

The Finance Committee Informational Meeting was conducted on December 1, 2016, in the Orleans Levee District Franklin Avenue Administrative Complex - Meeting Room #216, 6920 Franklin Avenue, New Orleans, Louisiana, at 9:00 a.m.

Robert Turner, SLFPA-E Regional Director, advised that the meeting is for the purpose of receiving and discussing information on the procurement of healthcare coverage for East Jefferson Levee District (EJLD) employees. No votes would be taken or decisions made at today's meeting.

Derek Boese, EJLD Executive Director, explained that the discussion of the procurement of healthcare coverage for the EJLD began at the November 17th Finance Committee meeting. The primary issue is whether the EJLD should continue procuring healthcare coverage from the private market or join the Louisiana Office of Group Benefits (OGB). Pros and cons were listed in a handout. The EJLD's current carrier is United Healthcare. The SLFPA-E, Orleans Levee District (O.L.D.) and Lake Borgne Basin Levee District (LBBLD) participate in OGB. Other major issues concern standardization across the Authority/levee districts and costs. He pointed out the difficulty with attempting to estimate future costs. The OGB benefit year begins on January 1; however, if selected, the EJLD may be able to begin coverage in February or March.

Mr. Morgan inquired about out of network services. Dean Moberley with OGB explained that OGB has two local plans (Local and Local Plus). The Local Plan is a very limited network and is only offered in three areas of the State (New Orleans, Baton Rouge and Shreveport). The Local Plus Plan provides a nationwide network. Emergency situations are covered in the Local and Local Plus Plans, but at the contracted rate (a claim would be paid as if it were in-network). The various plans either have a co-pay or a deductible. The Local Plus Plan is the most popular plan for active employees and has a co-pay for certain services (e.g., doctor visits, primary care specialists and in-patient services) and services that do not have a co-pay are subject to the deducible. After the deductible is satisfied, the services are paid at 100 percent for the remainder of the benefit year.

John Lewis, Regional HR Director, reminded everyone that all six plans will be available for all active employees. Therefore, the comparison should be focused on the United Healthcare plan and the menu of OGB plans from which employees may choose. Mr. Moberley added that five plans are available for retirees. Retirees with Medicare have a multitude of advantage plans from which they may choose that are offered through the

OGB contract. A premium sheet is provided by OGB with a breakdown of the agency share and employee share of the premium for each plan.

Mr. Boese explained that the EJLD historically shopped the market each year and reviewed quotes based on the plan and cost. At this time there is a generally equivalent level of benefits available from the private market and OGB. The EJLD has not had a problem obtaining quotes in the past several years because of its current actuarial rate and risk level; however, this situation could potentially change in the future with a bad year. Several years ago the O.L.D. was unable to obtain insurance from the private market because of its risk level and elected to participate in OGB.

Mr. Moberley explained that entities joining OGB are risk rated for a three year period, and if the entity is risk rated higher than OGB's standard pool rate, a higher premium must be paid. At the end of the third year, the entity would automatically fold into OGB's standard pool rate. Since the EJLD's risk rate is lower or equal to OGB's pool rate, it would be allowed to join at OGB's standard pool rate. Once an entity achieves the standard OGB pool rate, it cannot be increased above the standard pool rate.

Mr. Moberley advised that OGB provides a premium rate sheet for active employees. The employer's share (75 percent of the single rate plus 50 percent of the dependent rate) for the various plans is the same for all active employees regardless of the number of years of service. An entity (employer) can elect to pay a greater share of the premium for the various plans; however, it cannot pay less than the percentages provided in the OGB rate sheet.

Mr. Moberley reviewed the employer's premium rate share for retirees: Retirees with OGB coverage for at least 20 years or grandfathered effective January 2002 - 75 percent; retirees with less than 20 but more than 15 years - 56 percent; retirees with less than 15 but more than 10 years - 38 percent; and retirees with less than 10 years – 19 percent.

Mr. Boese pointed out that another issue that must be addressed is the inconsistency between the levee districts in the employers' share of the various employee benefits; however, he requested that the discussion regarding standardization of benefits occur after a decision is made on whether to select OGB or procure coverage for the EJLD from the private sector. He pointed out that at this time the EJLD does not pay for any healthcare benefits for retirees over the age of 65. Should OGB be selected, the EJLD must offer coverage to all retirees. The additional cost is unknown at this time.

Mr. Luettich inquired about OGB's ability to cover its expenditures in the foreseeable future. Mr. Moberley stated that he did not have any concern about OGB's future. OGB is a State agency under the Division of Administration and the Office of the Governor. OGB contracts most of its plans to Blue Cross to administer; however, OGB sets premium rates and benefits. OGB's fund balance about four years ago of $500 million was depleted by the Jindal administration until it reached about $120 million; however, it has since increased to about $200 million and is gradually growing. In addition, OGB's CEO during the time period when the fund balance grew rapidly will be returning to OGB in about two weeks.

Mr. Luettich inquired about coverage for retirees with Medicare. Mr. Moberley explained that premiums are reduced when a retiree is eligible for A and B Medicare. Retirees who are eligible must enroll in Medicare at age 65. The OGB plans become a supplement or an advantage plan may be selected. He pointed out that Medicare does not pay for prescriptions, which is a huge cost in the OGB plan.

Mr. Moberley explained that, if selected, OGB staff would participate in two sets of meetings (one set for active employees and retirees without Medicare and a second set for those with Medicare) in order to provide information. Two or three days later OGB staff will meet individually with each person to sign him/her up with the plan that he/she has selected and that best fits his/her needs. EJLD staff must contact each retiree during the open enrollment window and at least make the offer of coverage. Retirees who do not opt to enroll during the 30-day open enrollment period, or who cease their OGB coverage, cannot opt at a later date to enroll or re-enroll. Active employees who do not opt for OGB coverage during the open enrollment period can opt to enroll later during an open enrollment period. Mr. Luettich asked whether the commencement of enrollment window could be negotiated in order to allow time to locate retirees. Mr. Moberley responded, yes. Mr. Boese pointed out that based on the contract terms the EJLD could terminate coverage at any time with United Healthcare. Mr. Moberley noted that the satisfying of a deductible would be in accordance with OGB's plan year (starting on January 1) and is not based on the date that the entity joins OGB.

The employer's/employee's share of benefits paid by the levee districts were briefly discussed. It was noted that the EJLD currently pays 100 percent of the premium for healthcare coverage for active employees (both single and family/dependent coverage).

Mr. Luettich asked to what extent are EJLD employees aware of the discussions that are taking place regarding healthcare coverage and any potential changes? Mr. Boese advised that administrative staff and some supervisors are aware of the discussion concerning OGB versus private sector coverage. Certain levels of staff may recognize that there may be a change regarding the percentage of premium paid by the EJLD. He recommended that the Board decide at the December meeting whether or not the EJLD should join OGB. He further recommended that information be developed relative to the benefit packages (employer/employee share of costs) for discussion in January, and that any changes be implemented to coincide with the FY budget (July 1) in order to allow EJLD employees time to budget accordingly. The information could also be incorporated into the levee districts' new FY budgets. He recommended that the EJLD continue to pay 100 percent of the premium for healthcare coverage for the first six months of 2017 (until July 1). He noted that if OGB is selected, the EJLD budget could absorb the additional expense for retirees or other potential costs.

Mr. Morgan inquired about a cafeteria plan. Mr. Turner advised that a cafeteria plan has been set up for the levee districts currently under OGB; however, EJLD does not currently have a cafeteria plan since its employees do not pay any portion of their healthcare premium at this time. If OGB is selected to provide EJLD healthcare coverage, a cafeteria plan would be set up for EJLD employees.

It was noted that OGB has an agreement in place with AlwaysCare for vision and dental coverages, the premiums for which are typically paid 100 percent by the employees who select coverage. SLFPA-E and LBBLD currently have dental and vision coverage with AlwaysCare. The O.L.D. secured dental coverage from the private market (Crescent Dental) and a private vision plan, the premiums for which are paid 100 percent by the O.L.D.

Mr. Morgan requested that Ms. Chandler and Mr. Lewis investigate the industry standard for levee districts for employer/employee share of the benefits that are provided (healthcare, dental, vision and life insurance coverages) and develop a recommendation for a reasonable standard benefits package. The decision relative to a transition to a new benefits package would be made at a later date.

Mr. Luettich inquired about retirees under age 65. Mr. Turner advised that OGB provides a rate schedule for the employer/employee share of coverage for retirees under the age of 65. The agency can elect to pay a greater share of the premium, but not less that the OGB stated rate. Mr. Lewis pointed out that EJLD currently pays 100 percent of the premium for retirees who are under the age of 65; however, retirees are no longer eligible for coverage once he/she reaches the age of 65. It was noted that retirees must be retired from the State of LA in order to become eligible for OGB coverage.

Mr. Luettich pointed out that the discussion regarding whether or not to select OGB for EJLD employees would be taken up at the next Finance Committee meeting for a decision regarding a recommendation to the Board. Mr. Morgan asked that Mr. Boese keep the EJLD employees informed regarding the portion of premium to be paid by employees. Mr. Boese advised that he would inform employees so that they could use the information when selecting a plan during the enrollment period.

There were no further discussions; therefore, the meeting was adjourned at 10:00 am.