

STATE OF LOUISIANA  
 DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET  
 REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

|   |  |   |  |                                  |  |                                 |  |            |  |
|---|--|---|--|----------------------------------|--|---------------------------------|--|------------|--|
| DEPARTMENT: ANCILLARY   |  | FOR OPB USE ONLY  |  |                                  |  |                                 |  |            |  |
| AGENCY: OFFICE OF GROUP BENEFITS  |  | OPB LOG NUMBER  |  | AGENDA NUMBER                    |  |                                 |  |            |  |
| SCHEDULE NUMBER: 21-800   |  | 148   |  | 1                                |  |                                 |  |            |  |
| SUBMISSION DATE:  |  | Approval and Authority:<br><br>Approved by the Joint Legislative<br>Committee on the Budget<br><br>DATE: <u>4/19/24</u> <i>rg</i> |  |                                  |  |                                 |  |            |  |
| AGENCY BA-7 NUMBER: 001   |  |   |  |                                  |  |                                 |  |            |  |
| HEAD OF BUDGET UNIT: HEATH WILLIAMS   |  |   |  |                                  |  |                                 |  |            |  |
| TITLE: CHIEF EXECUTIVE OFFICER  |  |   |  |                                  |  |                                 |  |            |  |
| SIGNATURE <small>(Certifies that the information provided is correct and true to the best of your knowledge):</small> |  |   |  |                                  |  |                                 |  |            |  |
| <i>Heath Williams</i>   |  |   |  |                                  |  |                                 |  |            |  |
| <b>MEANS OF FINANCING</b>   |  | <b>CURRENT<br/>FY 2023-2024</b>   |  | <b>ADJUSTMENT<br/>(+) or (-)</b> |  | <b>REVISED<br/>FY 2023-2024</b> |  |            |  |
| <b>GENERAL FUND BY:</b>   |  |   |  |                                  |  |                                 |  |            |  |
| DIRECT  |  | \$0   |  | \$0                              |  | \$0                             |  |            |  |
| INTERAGENCY TRANSFERS   |  | \$1,098,733   |  | \$0                              |  | \$1,098,733                     |  |            |  |
| FEES & SELF-GENERATED   |  | \$1,809,239,626   |  | \$65,000,000                     |  | \$1,874,239,626                 |  |            |  |
| Regular Fees & Self-generated   |  | \$1,809,239,626   |  | \$65,000,000                     |  | \$1,874,239,626                 |  |            |  |
| STATUTORY DEDICATIONS   |  | \$0   |  | \$0                              |  | \$0                             |  |            |  |
| FEDERAL   |  | \$0   |  | \$0                              |  | \$0                             |  |            |  |
| <b>TOTAL</b>  |  | <b>\$1,810,338,359</b>  |  | <b>\$65,000,000</b>              |  | <b>\$1,875,338,359</b>          |  |            |  |
| AUTHORIZED POSITIONS  |  | 56  |  | 0                                |  | 56                              |  |            |  |
| AUTHORIZED OTHER CHARGES  |  | 0   |  | 0                                |  | 0                               |  |            |  |
| NON-TO FTE POSITIONS  |  | 0   |  | 0                                |  | 0                               |  |            |  |
| <b>TOTAL POSITIONS</b>  |  | <b>56</b>   |  | <b>0</b>                         |  | <b>56</b>                       |  |            |  |
| <b>PROGRAM EXPENDITURES</b>   |  | <b>DOLLARS</b>  |  | <b>POS</b>                       |  | <b>DOLLARS</b>                  |  | <b>POS</b> |  |
| <b>PROGRAM NAME:</b>  |  |   |  |                                  |  |                                 |  |            |  |
| State Group Benefits Program  |  | \$1,810,338,359   |  | 56                               |  | \$65,000,000                    |  | 0          |  |
| <b>TOTAL</b>  |  | <b>\$1,810,338,359</b>  |  | <b>56</b>                        |  | <b>\$65,000,000</b>             |  | <b>0</b>   |  |
|   |  | <b>\$1,875,338,359</b>  |  | <b>56</b>                        |  |                                 |  |            |  |

**STATE OF LOUISIANA**  
**DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET**  
**REQUEST FOR MID-YEAR BUDGET ADJUSTMENT**

Policy and Procedure Memorandum No. 52, Revised, requires that all Requests for Changes in Appropriation be fully documented. At a minimum, the following questions and statements must be answered. Use Continuation Sheets as needed. **FAILURE TO ANSWER ALL QUESTIONS COMPLETELY WILL BE CAUSE TO RETURN THIS DOCUMENT WITHOUT ACTION.**

1. What is the source of funding (if other than General Fund (Direct))? Specifically identify any grant or public law and the purposes of the funds, if applicable. A copy of any grant application and the notice of approved grant or appropriation must accompany the BA-7. What are the expenditure restrictions of the funds?  
 The source of funding is Fees & Self-generated Revenues, derived mainly from insurance premium collections.

2. Enter the financial impact of the requested adjustment for the next four fiscal years.

| MEANS OF FINANCING OR EXPENDITURE | FY 2023-2024        | FY 2024-2025 | FY 2025-2026 | FY 2026-2027 | FY 2027-2028 |
|-----------------------------------|---------------------|--------------|--------------|--------------|--------------|
| <b>GENERAL FUND BY:</b>           |                     |              |              |              |              |
| DIRECT                            | \$0                 | \$0          | \$0          | \$0          | \$0          |
| INTERAGENCY TRANSFERS             | \$0                 | \$0          | \$0          | \$0          | \$0          |
| FEES & SELF-GENERATED             | \$65,000,000        | \$0          | \$0          | \$0          | \$0          |
| STATUTORY DEDICATIONS             | \$0                 | \$0          | \$0          | \$0          | \$0          |
| FEDERAL                           | \$0                 | \$0          | \$0          | \$0          | \$0          |
| <b>TOTAL</b>                      | <b>\$65,000,000</b> | <b>\$0</b>   | <b>\$0</b>   | <b>\$0</b>   | <b>\$0</b>   |

3. If this action requires additional personnel, provide a detailed explanation below:  
 This action does not require additional personnel.

4. Explain why this request can't be postponed for consideration in the agency's budget request for next fiscal year.  
 This adjustment is required to ensure the continuous delivery of services to the more than 200,000 participants of OGB's health, Life, and flexible benefits programs.

5. Is this an after the fact BA-7, e.g.; have expenditures been made toward the program this BA-7 is for? If yes, explain per PPM No.52.  
 No.

**STATE OF LOUISIANA  
DIVISION OF ADMINISTRATION, OFFICE OF PLANNING AND BUDGET  
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**PERFORMANCE IMPACT OF MID-YEAR BUDGET ADJUSTMENT**

1. Identify and explain the programmatic impacts (positive or negative) that will result from the approval of this BA-7.

*Approval of this BA-7 request will allow OGB to meet its FY 2024 contractual obligations to pay claims and administrative fees associated with OGB's health, life, and flexible benefits programs, as well as its operating expenses. OGB is projected to exceed its budget authority in early/mid June 2024.*

2. Complete the following information for each objective and related performance indicators that will be affected by this request. (Note: Requested adjustments may involve revisions to existing objectives and performance indicators or creation of new objectives and performance indicators. Repeat this portion of the request form as often as necessary.)

OBJECTIVE:

| LEVEL | PERFORMANCE INDICATOR NAME | PERFORMANCE STANDARD    |                          |                         |
|-------|----------------------------|-------------------------|--------------------------|-------------------------|
|       |                            | CURRENT<br>FY 2023-2024 | ADJUSTMENT<br>(+) OR (-) | REVISED<br>FY 2023-2024 |
|       |                            |                         |                          |                         |
|       |                            |                         |                          |                         |
|       |                            |                         |                          |                         |
|       |                            |                         |                          |                         |
|       |                            |                         |                          |                         |
|       |                            |                         |                          |                         |
|       |                            |                         |                          |                         |
|       |                            |                         |                          |                         |
|       |                            |                         |                          |                         |

JUSTIFICATION FOR ADJUSTMENT(S): Explain the necessity of the adjustment(s).  
*Not applicable.*

3. Briefly explain any performance impacts other than or in addition to effects on objectives and performance indicators. (For example: Are there any anticipated direct or indirect effects on program management or service recipients? Will this BA-7 have a positive or negative impact on some other program or agency?)

*Approval of this BA-7 request will allow OGB to meet its FY 2024 contractual obligations to pay claims and administrative fees associated with OGB's health, life, and flexible benefits programs, as well as its operating expenses. OGB is projected to exceed its budget authority in early/mid June 2024.*

4. If there are no performance impacts associated with this BA-7 request, then fully explain this lack of performance impact.  
*Not applicable.*

5. Describe the performance impacts of failure to approve this BA-7. (Be specific. Relate performance impacts to objectives and performance indicators.)  
*OGB will be unable to meet its FY 2024 contractual obligations to pay claims and administrative fees associated with OGB's health, life, and flexible benefits programs, as well as its operating expenses. OGB is projected to exceed its budget authority in early/mid June 2024.*

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**PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT**

PROGRAM 1 NAME: STATE GROUP BENEFITS

| MEANS OF FINANCING:              | CURRENT<br>FY 2023-2024 | REQUESTED<br>ADJUSTMENT | REVISED<br>FY 2023-2024 | ADJUSTMENT OUTYEAR PROJECTIONS |              |              |              |
|----------------------------------|-------------------------|-------------------------|-------------------------|--------------------------------|--------------|--------------|--------------|
|                                  |                         |                         |                         | FY 2024-2025                   | FY 2025-2026 | FY 2026-2027 | FY 2027-2028 |
| <b>GENERAL FUND BY:</b>          |                         |                         |                         |                                |              |              |              |
| Direct                           | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| Interagency Transfers            | \$1,098,733             | \$0                     | \$1,098,733             | \$0                            | \$0          | \$0          | \$0          |
| Fees & Self-Generated *          | \$1,809,239,626         | \$65,000,000            | \$1,874,239,626         | \$0                            | \$0          | \$0          | \$0          |
| Statutory Dedications **         | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| FEDERAL FUNDS                    | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| <b>TOTAL MOF</b>                 | <b>\$1,810,338,359</b>  | <b>\$65,000,000</b>     | <b>\$1,875,338,359</b>  | <b>\$0</b>                     | <b>\$0</b>   | <b>\$0</b>   | <b>\$0</b>   |
| <b>EXPENDITURES:</b>             |                         |                         |                         |                                |              |              |              |
| Salaries                         | \$3,944,435             | \$0                     | \$3,944,435             | \$0                            | \$0          | \$0          | \$0          |
| Other Compensation               | \$53,799                | \$0                     | \$53,799                | \$0                            | \$0          | \$0          | \$0          |
| Related Benefits                 | \$3,795,986             | \$0                     | \$3,795,986             | \$0                            | \$0          | \$0          | \$0          |
| Travel                           | \$20,381                | \$0                     | \$20,381                | \$0                            | \$0          | \$0          | \$0          |
| Operating Services               | \$522,051               | \$0                     | \$522,051               | \$0                            | \$0          | \$0          | \$0          |
| Supplies                         | \$25,847                | \$0                     | \$25,847                | \$0                            | \$0          | \$0          | \$0          |
| Professional Services            | \$1,051,000             | \$0                     | \$1,051,000             | \$0                            | \$0          | \$0          | \$0          |
| Other Charges                    | \$1,787,148,478         | \$65,000,000            | \$1,852,148,478         | \$0                            | \$0          | \$0          | \$0          |
| Debt Services                    | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| Interagency Transfers            | \$13,774,211            | \$0                     | \$13,774,211            | \$0                            | \$0          | \$0          | \$0          |
| Acquisitions                     | \$2,171                 | \$0                     | \$2,171                 | \$0                            | \$0          | \$0          | \$0          |
| Major Repairs                    | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| UNALLOTTED                       | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| <b>TOTAL EXPENDITURES</b>        | <b>\$1,810,338,359</b>  | <b>\$65,000,000</b>     | <b>\$1,875,338,359</b>  | <b>\$0</b>                     | <b>\$0</b>   | <b>\$0</b>   | <b>\$0</b>   |
| <b>POSITIONS</b>                 |                         |                         |                         |                                |              |              |              |
| Classified                       | 54                      | 0                       | 54                      | 0                              | 0            | 0            | 0            |
| Unclassified                     | 2                       | 0                       | 2                       | 0                              | 0            | 0            | 0            |
| <b>TOTAL T.O. POSITIONS</b>      | <b>56</b>               | <b>0</b>                | <b>56</b>               | <b>0</b>                       | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| Other Charges Positions          | 0                       | 0                       | 0                       | 0                              | 0            | 0            | 0            |
| Non-TO FTE Positions             | 0                       | 0                       | 0                       | 0                              | 0            | 0            | 0            |
| <b>TOTAL POSITIONS</b>           | <b>56</b>               | <b>0</b>                | <b>56</b>               | <b>0</b>                       | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| <b>*Dedicated Fund Accounts:</b> |                         |                         |                         |                                |              |              |              |
| Reg. Fees & Self-generated       | \$1,809,239,626         | \$65,000,000            | \$1,874,239,626         | \$0                            | \$0          | \$0          | \$0          |
| [Select Fund Account]            | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| [Select Fund Account]            | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| <b>**Statutory Dedications:</b>  |                         |                         |                         |                                |              |              |              |
| [Select Statutory Dedication]    | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| [Select Statutory Dedication]    | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| [Select Statutory Dedication]    | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| [Select Statutory Dedication]    | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| [Select Statutory Dedication]    | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| [Select Statutory Dedication]    | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| [Select Statutory Dedication]    | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |
| [Select Statutory Dedication]    | \$0                     | \$0                     | \$0                     | \$0                            | \$0          | \$0          | \$0          |

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**PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT**

PROGRAM 1 NAME: STATE GROUP BENEFITS

| MEANS OF FINANCING:         | State General Fund | Interagency Transfers | Fees & Self-Generated Revenues | Statutory Dedications | Federal Funds | TOTAL               |
|-----------------------------|--------------------|-----------------------|--------------------------------|-----------------------|---------------|---------------------|
| <b>AMOUNT</b>               | \$0                | \$0                   | \$65,000,000                   | \$0                   | \$0           | \$65,000,000        |
| <b>EXPENDITURES:</b>        |                    |                       |                                |                       |               |                     |
| Salaries                    | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| Other Compensation          | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| Related Benefits            | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| Travel                      | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| Operating Services          | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| Supplies                    | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| Professional Services       | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| Other Charges               | \$0                | \$0                   | \$65,000,000                   | \$0                   | \$0           | \$65,000,000        |
| Debt Services               | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| Interagency Transfers       | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| Acquisitions                | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| Major Repairs               | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| UNALLOTTED                  | \$0                | \$0                   | \$0                            | \$0                   | \$0           | \$0                 |
| <b>TOTAL EXPENDITURES</b>   | <b>\$0</b>         | <b>\$0</b>            | <b>\$65,000,000</b>            | <b>\$0</b>            | <b>\$0</b>    | <b>\$65,000,000</b> |
| <b>OVER / (UNDER)</b>       | <b>\$0</b>         | <b>\$0</b>            | <b>\$0</b>                     | <b>\$0</b>            | <b>\$0</b>    | <b>\$0</b>          |
| <b>POSITIONS</b>            |                    |                       |                                |                       |               |                     |
| Classified                  | 0                  | 0                     | 0                              | 0                     | 0             | 0                   |
| Unclassified                | 0                  | 0                     | 0                              | 0                     | 0             | 0                   |
| <b>TOTAL T.O. POSITIONS</b> | <b>0</b>           | <b>0</b>              | <b>0</b>                       | <b>0</b>              | <b>0</b>      | <b>0</b>            |
| Other Charges Positions     | 0                  | 0                     | 0                              | 0                     | 0             | 0                   |
| Non-TO FTE Positions        | 0                  | 0                     | 0                              | 0                     | 0             | 0                   |
| <b>TOTAL POSITIONS</b>      | <b>0</b>           | <b>0</b>              | <b>0</b>                       | <b>0</b>              | <b>0</b>      | <b>0</b>            |

## QUESTIONNAIRE ANALYSIS

(Please reference question numbers, provide detailed information and use continuation sheets as needed.)

### GENERAL PURPOSE

The purpose of this BA-7 is to increase the Fees & Self-generated revenues budget authority of the Office of Group Benefits ("OGB") by \$65.0 million. This additional authority will allow OGB to continue to timely pay health and prescription drug benefit claims, administrative fees, etc. on behalf of its members through the remainder of the current fiscal year.

OGB needs the additional expenditure authority to ensure the continuous delivery of services to the more than 200,000 participants of OGB's health, life, and flexible benefits programs at the end of the FY 2024, while it waits on the receipt of prescription drug manufacturer rebates to be paid by its contracted PBM for the first quarter of Plan Year 2024. The rebates for Q1 2024 are due to OGB within 90 days following the end of the quarter (March 31, 2024); by June 29, 2024. Those rebates will be applied as expenditure offsets to FY 2024 pharmacy claims, resulting in a net decrease in agency expenditures. OGB is projected to run out of existing expenditure authority sometime in June 2024, while it waits to receive approximately \$71.9 million in Q1 2024 rebates. If OGB runs out of authority in June, the agency will be unable to pay vendors for health and prescription drug benefits claims, resulting in an interruption of services for plan members across the state.

### REVENUES

Source of funding is Fees & Self-generated revenues, which primarily consist of health life insurance premiums paid by OGB plan members and their employers, and through the receipt of Medicare Part-D subsidies and prior fiscal year rebates from its PBM. OGB's cash balance as of February 29, 2024 was \$346.0 million. Based on projections provided by its actuary, OGB is projected to end FY 2024 with a cash balance of \$390.7 million.

### EXPENDITURES

Other Charges: \$65.0 million for the payment of health and prescription drug benefit claims, administrative fees, etc. on behalf of its members through the remainder of the current fiscal year.

### OTHER

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BA-7 SUPPORT INFORMATION

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