



State of Louisiana

Division of Administration
Office of the Commissioner

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OGB Plan Changes Save \$18.3 Million in First Two Months of FY15

July and August expenses have decreased 5% percent since last year

BATON ROUGE – Today, the Office of Group Benefits (OGB) announced that it has saved more than \$18 million in the first two months of fiscal year 2015. Total revenues have increased 3.3 percent from July 1 through August 31, 2014 compared to the same period in 2013. Expenses have decreased by 4.9 percent.

The majority of the savings comes from a decrease in claims costs related to plan changes that took effect August 1. OGB implemented a formulary August 1 that restructured prescriptions in four tiers to encourage the use of generic drugs where appropriate. \$6.7 million is attributed to the addition of the formulary. Other savings came from adding a prior authorization requirement for certain medical procedures, including CT scans, home health care, genetic testing and MRIs.

“These numbers show that OGB is on the right track,” said Commissioner of Administration Kristy Nichols. “We’re making changes that allow our members to get the care they need while still meeting our financial responsibilities.”

Nationally, medical costs are expected to rise by 6.8 percent in 2015, according to PricewaterhouseCoopers’ Health Research Institute.

The first rate increase in nearly three years also took effect July 1. The five percent rate increase generated more than \$9 million in revenue over last year’s numbers.

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