Office of the Commissioner
State of Louisiana
Division of Administration

JOHN BEL EDWARDS
GOVERNOR

JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

MEMORANDUM

DATE: February 11, 2021

TO: All Members of the Louisiana Legislature

FROM: Jay Dardenne
Commissioner of Administration

SUBJECT: Access Health, Inc.

In July 2019, OGB entered into a contract with Access Health, Inc. that would allow certain OGB members to receive primary care services at Access Health 2Day clinics without having to pay a co-pay or deductible. The contract was premised on saving money for OGB. In fact, the contract guaranteed a "return on investment" to OGB and included a surety bond backing Access Health's performance. OGB is paying approximately $40 million per year to Access Health, but is not receiving anywhere near the guaranteed return on investment.

When this was brought to the attention of Access Health, negotiations ensued to resolve the dispute. Despite the good faith efforts of OGB, Access Health has not proposed a reasonable payment to OGB to meet its contractual obligation for the first year measurement period. Further, Access Health insisted that OGB continue the contract substantially in accordance with its existing terms even though OGB is not realizing the promised return on investment.

On February 4, 2021, OGB served notice upon Access Health of its intention to terminate the contract on April 9, 2021. This notice re-states Access Health's ability to remedy its breach of the contract by remitting payment of the performance guarantee prior to the proposed termination date. Access Health has not contacted OGB to further discuss this dispute; instead, Access Health sent letters to all OGB members and to legislators totally mischaracterizing the issues.

OGB has a fiduciary obligation to its members to be fiscally responsible and to minimize potential increases in premiums which are affected by expenditures incurred by the various plans. To continue this contact, under its current terms, would be irresponsible and detrimental to the employees and retirees of the state.

This matter is likely destined for litigation and will be resolved in court unless a resolution is reached. OGB's preference is to maintain for its members the benefits offered by Access Health; however, this can occur only if Access Health satisfies the performance guarantee, and the contract, for the balance of its term, is modified to reduce OGB's payments to more closely approximate the value of services provided. In the meantime, if this contract with Access Health is terminated, the coverage and benefits afforded by OGB's health plans will not be affected.