

Minutes from the Meetings of the Board of Trustees

August 30, 2000

CALL TO ORDER

Mr. Aubrey Temple, Chairman, called the monthly meeting of the Board of Trustees to order at 9:07 a.m.

ROLL CALL

Members Present

Dr. Merline Broussard
Dr. James Calvin
Mr. Charles Castaing
Dr. Barbara Cicardo
Mr. Russell Culotta
Mr. Robert Greer
Mr. Charles Lazare
Mr. James Lee
Mr. Hubert Lincecum
Ms. Mary McDaniel
Mr. Richard O'Shee *
Rep. Henry "Tank" Powell
Senator Tom Schedler *
Mr. Aubrey Temple
Mr. Kelly Ward

Members Absent

Mr. John Warner Smith

Roll call indicated thirteen (13) Board Members present, representing a quorum.

*Sen. Tom Schedler and Mr. O'Shee arrived after roll call.

APPROVAL OF MINUTES OF JULY 26, 2000 BOARD MEETING

The minutes of July 26, 2000 board meeting were presented for review and approval.

A motion was made by Mr. Lee, seconded by Mr. Lincecum, to accept the minutes of July 26, 2000 Board Meeting. There being no objections, the minutes were unanimously adopted.

CEO/COO REPORT

Employee of the Month

Mr. Wall announced that Ms. Michelle Royce was selected as July Employee of the Month. Ms. Royce is employed in Customer Service, and had been with the agency over 14 years.

Operations/ACD Report on Telephone Calls

Mr. Wall reported that the program was still running consistently with previous months in regard to the handling of high volume calls.

Financial Report

Mr. Wall reported mail receipts were down from prior months. Total claims expenses were \$29 million. SEGBP claims and expenses were approximately \$30 million a month. This was a \$5 to \$10 million increase from last year that was due to an increase in membership and utilization. SEGBP is risk rating the St. Martin Parish School Board, and the Bossier Parish School Board had made inquiries for a risk rating. He stated that the Internal Audit & Finance Committee would recommend risk rating for any entity that joins the Program until their premiums matched SEGBP's.

Mr. Wall advised the Board that the Commissioner of Administration has approved SEGBP's request to borrow an additional \$10 million from the State Treasurer's Office.

Mr. Bruce Minor, Fiscal Director, stated that the financial report was being prepared and that he would mail the information to the Board members when they were completed.

Mr. Wall introduced Ms. Anne Page, Account Manager, Ms. Christie Sturzebecker, National Vice president, and Dr. Barbara Freeman, President and Chief Medical Officer of National Health Services Inc., SEGBP's new utilization management firm.

Legal Report

Mr. Wall presented the Legal Report for review.

CIO Report

General Comments

Mr. Thommy Boesch, CIO, reported that ScanOptics (imaging system) had been implemented. Mr. Boesch reported that the RFP for the Disaster Recovery had been approved and he would be presenting recommendations to the Board in October. Mr. Boesch advised the Board that SEGBP was in the process of procuring a decision for a support product from Medstat.

COMMITTEE REPORTS

Internal Audit and Finance Committee

Mr. Lee presented a report on the Internal Audit & Finance Committee meeting of August 29, 2000. He presented two items to the Board for consideration.

FY 2001-02 Rate Schedule

The Committee recommended the Board to authorize the CEO to develop a four tier premium rate schedule with Employee, Employee + Dependent, Employee + Spouse, Family.

A motion was made by Mr. Lee, seconded by Mr. Lincecum, to authorize the CEO to develop a four tier premium rate schedule with Employee, Employee + Dependent, Employee + Spouse, Family. There being no opposition, the motion passed.

Risk Rating of New Entities

The Committee recommended to the Board that all agencies be risk rated until their risk rate matched SEGBP's premium rate.

A motion was made by Mr. Lee, seconded by Mr. Ward, to adopt a rule indicating that any entity joining SEGBP would be risk rated based on their prior experience and insurance plan until their premium would equal or be less than SEGBP's premium. There being no opposition, the motion passed.

Benefits and Rate Making Committee

Mr. Greer reported that the Committee had three meetings in August. The following recommendations were made for the Board's consideration.

Annual Deductible

The Committee recommends to the Board to increase the annual deductible to \$500 for active plan members (maintaining the \$300 for retirees), effective January 1, 2001.

A motion was made by Mr. Ward, seconded by Dr. Cicardo, to raise the annual deductible to \$500 for all plan members.

The following is the result of a roll call vote:

YEAS

NAYS

YEAS

Dr. Broussard
 Dr. Calvin
 Mr. Castaing
 Mr. Culotta
 Mr. Greer
 Mr. Lincecum
 Rep. Powell
 Mr. Temple
 Mr. Ward

NAYS

Dr. Cicardo
 Mr. Lazare
 Mr. Lee
 Ms. McDaniel

With eight (8) yeas, four (4) nays, the motion passed.

\$150 Annual Deductible for Prescription Drugs

The Committee recommends to the Board to implement a \$150 annual deductible for active and retiree members for prescription drugs, effective January 1, 2001.

A motion was made by Mr. Greer, seconded by Mr. Lee, to implement a \$150 annual deductible for active and retiree members for prescription drugs, effective January 1, 2001.

The following is the result of a roll call vote:

YEAS

Dr. Broussard
 Dr. Calvin
 Mr. Castaing
 Mr. Culotta
 Mr. Greer
 Mr. Lee
 Mr. Lincecum
 Ms. McDaniel
 Rep. Powell
 Mr. Temple
 Mr. Ward

NAYS

Dr. Cicardo
 Mr. Lazare

With eleven (11) yeas, two (2) nays, the motion passed.

Eliminating Coverage for Glucometers

The Committee recommends to the Board to eliminate coverage for glucometers.

Mr. Greer informed the Board that Merck-Medco would educate plan members who required glucometers on how to obtain them for free.

A motion was made by Mr. Greer, seconded by Mr. Lincecum, to eliminate coverage for glucometers.

The following is the result of a roll call vote:

YEAS**NAYS**

Dr. Broussard
 Dr. Calvin
 Mr. Castaing
 Dr. Cicardo
 Mr. Culotta
 Mr. Greer
 Mr. Lazare
 Mr. Lee
 Mr. Lincecum
 Ms. McDaniel
 Rep. Powell
 Mr. Temple
 Mr. Ward

With thirteen (13) yeas, no (0) nays, the motion passed.

Participation in SEGBP for 40 Quarters prior to Retirement

The Committee recommends to the Board requiring participation in SEGBP for 40 quarters (10 years) prior to retirement.

A motion was made by Mr. Greer, seconded by Mr. Lee, to require participation in SEGBP for state 40 quarters prior to retirement in order to maintain coverage in retirement. Mr. Wall explained to the Board that legislation would be required to implement this change.

After further discussion, a substitute motion was made by Dr. Cicardo, seconded by Mr. Lincecum, to require state employees to have 40 quarters (10 years) of participation in SEGBP in order to maintain coverage in retirement, provided that those employee who qualify for disability retirement after five (5) years service (such as participates in the Teachers' Retirement System) must have 20 quarters participation in the SEGBP in order to maintain coverage upon such disability retirement.

Mr. O'Shee moved to amend the substitute motion, seconded by Dr. Cicardo, to require 20 quarters for all employees.

The following is the result of a roll call vote:

YEAS**NAYS****ABSTAINED**

Dr. Broussard
 Dr. Cicardo
 Mr. Lazare
 Ms. McDaniel

Dr. Calvin
 Mr. Culotta
 Mr. Greer
 Mr. Lee
 Mr. Lincecum
 Rep. Powell
 Mr. Ward
 Mr. Temple

Mr. Castaing

With four (4) yeas, eight (8) nays, one (1) abstention, the amendment to the substitute motion failed.

The following is the result of a roll call vote on the substitute motion:

YEAS

Dr. Broussard
 Dr. Calvin
 Dr. Cicardo
 Mr. Greer
 Mr. Lazare
 Mr. Lee
 Mr. Lincecum
 Ms. McDaniel
 Sen. Schedler
 Mr. Ward

NAYS

Mr. Castaing
 Mr. Culotta
 Mr. Smith
 Rep. Powell
 Mr. Temple

With ten (10) yeas, five (5) nays, the substitute motion passed.

New Employees to be Subject to a 12/6 Pre-existing Clause

The Committee recommends to the Board that new employees be subject to a pre-existing condition clause for 12 months as permitted by HIPAA and subject to portability, effective January 1, 2001.

A motion was made by Mr. Greer, seconded by Mr. Lee, that new employees be subject to a pre-existing condition clause for 12 months as permitted by HIPAA and subject to portability, effective January 1, 2001.

The following is the result of a roll call vote:

YEAS

Dr. Broussard
 Dr. Calvin
 Mr. Castaing
 Dr. Cicardo
 Mr. Culotta
 Mr. Greer
 Mr. Lazare
 Mr. Lee
 Mr. Lincecum
 Ms. McDaniel
 Rep. Powell
 Sen. Schedler
 Mr. Ward
 Mr. Temple

NAYS

With fourteen (14) yeas, no (0) nays, the motion passed.

Overage Dependents

The Committee recommends to the Board that overage dependents who are eligible for Medicaid and/or Medicare are not eligible for coverage through SEGBP, effective January 1, 2001.

Mr. O'Shee requested that SEGBP contact the Department of Health & Hospitals to verify that the Program was allowed to deny coverage to an over-aged dependent who was Medicaid and/or Medicare eligible.

A motion was made by Mr. Greer, seconded by Mr. Lee, that overage dependents who are eligible for Medicaid and/or Medicare are not eligible for coverage through SEGBP, effective January 1, 2001, provided that it was approved by DHH as not in violation of any federal law or requirement.

The following is the result of a roll call vote:

YEAS	NAYS
-------------	-------------

Dr. Broussard	
Dr. Calvin	
Mr. Castaing	
Dr. Cicardo	
Mr. Culotta	
Mr. Greer	
Mr. Lazare	
Mr. Lee	
Mr. Lincecum	
Ms. McDaniel	
Rep. Powell	
Sen. Schedler	
Mr. Ward	
Mr. Temple	

With fourteen (14) yeas, no (0) nays, the motion passed.

Morbid Obesity

The Committee recommends to the Board to cover surgical expenses for the treatment of morbid obesity of a Body Mass Index (BMI) of 40 or more, at a center of excellence, limited to gastrointestinal procedures.

A motion was made by Mr. Greer, seconded by Mr. Lincecum to cover surgical expenses for the treatment of morbid obesity of a Body Mass Index (BMI) of 40 or more, at a center of excellence, limited to gastrointestinal procedures.

The following is the result of a roll call vote:

YEAS	NAYS	ABSTAINED
-------------	-------------	------------------

Dr. Broussard		
Dr. Cicardo		
Mr. Greer		
Mr. Lincecum		
Ms. McDaniel		
Rep. Powell		
Sen. Schedler		
Mr. Ward		
Mr. Temple		

Mr. Culotta		
Mr. Lazare		
Mr. Lee		

Dr. Calvin		
Mr. Castaing		

With nine (9) yeas, three (3) nays, two (2) abstention, the motion passed.

90-Day Drug Program

The Committee recommends to the Board allowing plan members to purchase a 90-day one copay supply of maintenance drugs through December 31, 2000 and effective January 1, 2001, this benefit would be available only through mail order or through retail pharmacies that agree to offer equivalent pricing.

A motion was made by Mr. Greer, seconded by Mr. Temple, to allowing plan members to purchase a 90-day one copay supply of maintenance drugs through December 31, 2000 and effective January 1, 2001, this benefit would be available only through mail order or through retail pharmacies that agree to offer equivalent pricing.

The following is the result of a roll call vote:

YEAS

NAYS

Mr. Lazare
Mr. Lee
Mr. Lincecum
Ms. McDaniel
Rep. Powell
Sen. Schedler
Mr. Ward
Mr. Temple

With thirteen (13) yeas, no (0) nays and one (1) abstention, the motion passed.

Mr. Greer stated that the Benefits and Rate Making Committee would be presenting the Board with additional plan design changes at a later date. Mr. Wall advised the Board that the benefit changes would save SEGBP approximately \$7.75 million in FY 2000-01 and \$19.5 million in FY 2001-02.

Grievance Committee

Mr. Culotta reported that the Grievance Committee met on August 10, 2000 and considered eight appeals and that 42 decisions from the Administrative Claims Committee were taken into consideration.

A motion was made by Mr. Culotta, seconded by Mr. Lincecum, to accept the report as presented for the Grievance Committee. There being no opposition, the report was accepted.

Ad Hoc Drug Formulary

Dr. Calvin reported that the Ad Hoc Drug Formulary Committee met on August 29, 2000 and recommends to the Board that oral diabetic agents and supplies be unbundled and subject to separate copays and that oral contraceptives be removed from the list of maintenance drugs.

A motion was made by Dr. Calvin, seconded by Mr. Lincecum to accept the report and recommendations of the Ad Hoc Drug Formulary Committee. There being no opposition, the report was accepted.

COMMENTS

Mr. Wall advised the Board that with the benefit changes made, it was predicted that as of June 30, 2001 the Program would anticipate a deficit of \$36.3 million.

A motion was made by Mr. Lincecum, seconded by Mr. Lazare, to adopt a resolution to the Legislature, Governor, and all those involved in the budget process. The resolution would note the dire financial straits of SEGBP and should stress the need for increased funding of the Program. There being no opposition, the motion passed.

Mr. Temple stated that he had discussed with the Governor concerning forming a new task force comprised of legislators and representatives of public sector employers. Dr. Cicardo and Mr. Culotta voiced their opinion that Board members have input to the task force. Senator Schedler indicated that he would suggest that the Governor include members of the Board of Trustees, to be selected by the Board, on the task force.

NEW BUSINESS

Mr. Wall informed the Board that in the Lafayette, Alexandria, and Bayou Regions, there were no EPO networks. He discussed with Best Care representatives of offering Best Care fee schedule, utilized in Baton Rouge, to Lafayette, Alexandria and Bayou/Thibodeaux Region. This procedure would be done through a contract amendment.

OLD BUSINESS

Mr. Wall advised the Board that the October meeting is scheduled for October 18, 2000.

ADJOURN

There being no further business to discuss, a motion was made by Mr. Lincecum, seconded by Mr. Castaing, to adjourn. With no opposition, the motion was unanimously adopted.