

## **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:

<b>YEAS</b>	<b>NAYS</b>
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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:

<b>YEAS</b>	<b>NAYS</b>	<b>ABSTAINED</b>
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Dr. Broussard	Mr. Culotta	Dr. Calvin
Dr. Cicardo	Mr. Lazare	Mr. Castaing
Mr. Greer	Mr. Lee	
Mr. Lincecum		
Ms. McDaniel		
Rep. Powell		
Sen. Schedler		
Mr. Ward		
Mr. Temple		

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.