

Minutes from the Meetings of the Board of Trustees

December 13, 2000

CALL TO ORDER

Mr. Aubrey Temple, Chairman called the monthly meeting of the Board of Trustees to order.

ROLL CALL

Members Present

Dr. James Calvin
Mr. Charles Castaing
Dr. Barbara Cicardo
Mr. Russell Culotta
Mr. Robert Greer
Mr. Charles Lazare
Mr. James Lee
Mr. Hubert Lincecum
Mr. Richard O'Shee
Rep. Tank Powell
Senator Tom Schedler
Mr. John Warner Smith*
Mr. Aubrey Temple

Members Absent

Dr. Merline Broussard
Ms. Mary McDaniel
Dr. Mr. Kelly Ward

Roll call indicated twelve (12) Board Members present, representing a quorum.

*Mr. John Warner Smith arrived after roll call.

A motion was made by Mr. Lincecum, seconded by Mr. Lee, to amend the agenda to include consideration of a resolution for declaration of emergency concerning the benefit changes to be effective January 1, 2001. With eleven (11) yeas and one (1) nay, the motion passed.

APPROVAL OF MINUTES OF OCTOBER 18, 2000 AND NOVEMBER 10, 2000 MEETINGS

The minutes of October 18, 2000 and November 10, 2000 were presented for review and approval.

A motion was made by Mr. Lee, seconded by Mr. Greer, to accept the minutes of October 18, 2000 and November 10, 2000. There being no objections, the motion was approved.

DISCUSSION OF ARTICLE 3, SECTION IX, ITEM C OF THE PLAN DOCUMENTS OF BENEFITS

A motion was made by Mr. Culotta, seconded by Mr. Lee, that SEGBP not pay for any drugs that are utilized for the primary procedure for abortions, specifically the drug RU-486; also, not to pay for any medical treatment, consultation, or cost associated in regard to the administering of the drug.

Mr. Lincecum questioned Mr. Tommy Benoit, Board Counsel, whether the plan currently had an exclusion for non-therapeutic abortions. Mr. Benoit stated that the plan document currently has an exclusion for non-therapeutic abortions and that Mr. Culotta's motion does not change the exclusionary language in the plan document. Mr. Benoit explained the language of the exclusion is "Expenses for elective, non-therapeutic voluntary abortions..."

Following discussion, a substitute motion was made by Mr. Greer, seconded by Mr. Lincecum, to defer action and refer item to the Benefits and Rate Making Committee for recommendations at the next Board Meeting.

Mr. Culotta withdrew his original motion and Mr. Lee withdrew his second. Mr. Greer withdrew his substitute motion and Mr. Lincecum withdrew his second. Mr. Greer assured Mr. Culotta that this item would be on the agenda for the next Benefits and Rate Making Committee Meeting that would meet before the next Board of Trustees meeting.

CEO REPORT

Employee of the Month

Mr. Wall introduced Ms. Loria Patterson, November Employee of the Month. Ms. Patterson has been employed with SEGBP for 15 years in the Information Technology Division. Ms. Patterson assists with the data reports in the computer section. Mr. Wall presented Ms. Patterson with the November Employee of the Month plaque and thanked her for her efforts and contribution to the agency.

Mr. Wall introduced to the Board the October Employee of the Month, Mr. Travis Savant. Mr. Savant is employed in the Administration Division and has been with SEGBP for eight years. His responsibilities consist of assisting personnel of state agencies in determine the eligibility of their employees. Mr. Wall stated that Mr. Savant was very dependable and greatly appreciated for his contribution to the agency. The October Employee of the Month plaque was presented to Mr. Savant.

Provider Contract Status Report

The Provider Contract Status Report was presented for review.

Operations/ACD Telephone Calls

Mr. Wall presented the report entitled "Where Does the Money Goes?", an overview of claims expenses. He reported on the Schedule for Revenues and Expenses for November 2000. Total Revenues -\$48,708,962; total expenses - \$60,024,068; and

pending claims on November 30, 2000 - \$14,407,355. The coverage analysis report indicated the breakdown of expenses for medical claims.

Mr. Culotta questioned the Magellan Behavioral Health item indicating an increase of approximately \$200,000 from last year. Mr. Temple requested Mr. Wall to present a summary on the Magellan contract.

Mr. Wall delivered a handout entitled "Schedule of Payment for Health and Rx Claims". He stated that the first billing of December from Merck/Medco indicated \$4,974,600, which was substantially higher than a year ago, and the trend was not decreasing.

For information purposes, Mr. Wall presented a resolution from the Jefferson Parish School Board which states they are dissatisfied with the benefit changes that are to be implemented on January 1, 2001. He stated that he would meet with the Jefferson Parish School Board and discuss the issues in the resolution.

Mr. Wall presented for review the State Employees Health Benefits Plan Survey. The survey covered the states of Alabama, Arkansas, Florida, Georgia, Kansas, Kentucky, Mississippi and Louisiana. The survey covered deductibles, coinsurance/co-payment, maximum out of pocket expense, pharmaceutical deductibles, pharmaceutical co-pays and premium cost employee/state per state.

Mr. Wall presented a report on the number of state employees and their dependents that are covered by the Program. The report indicated those covered as enrollee; covered as dependent; employees without health coverage; and total civil service employees broken down by classified, unclassified, and age brackets. Senator Schedler questioned if whether the Program had figures on how many of the lower paid employees of the State access the charity hospital system. Mr. Wall stated that the charity system was unable to supply the Program with this data.

Mr. Wall discussed a letter that Rep. Powell received from North Oaks Health System which stated that the Program had an outstanding balance of \$1,671,566 and 1,392 accounts and the average payment received was 90 days. Mr. Wall requested from the Board authorization to contract with an outside firm to review the information and make a report on this issue. Currently the Program was unaware of the outstanding balance with North Oaks Health System.

A motion was made by Mr. Lincecum and seconded by Mr. Lee to authorize Mr. Wall to contract with an independent auditing firm to review the alleged outstanding balance with North Oak Health System.

Mr. Lazare requested the approximate cost of hiring an auditing firm to investigate this matter. Mr. Temple suggested that the internal auditors evaluate the issue and make a report to the Internal Audit and Finance Committee within 30 days. Mr. Lincecum withdrew his motion and Mr. Lee withdrew his second to the motion.

Legal Report

The Legal Report was presented to the Board for review.

COMMITTEE REPORTS

Internal Audit and Finance Committee

Mr. Lee reported on the December 12, 2000 Internal Audit & Finance Committee meeting. Mr. Lee stated that the Committee did not maintain a quorum in order to make recommendations to the Board, but that several issues were discussed and the Board needed to take action on the following issues:

Pharmaceutical Benefits Management

Mr. Benoit presented the report and recommendation from the Evaluation Committee for the Pharmaceutical Benefits Management RFP. Mr. Benoit reviewed the recommendation and stated that the Program had received 13 proposals, but one was disqualified because it was not submitted on time. The Evaluation Committee consisted of five members of SEGBP staff. Mr. Benoit explained the evaluation process that the committee utilized to make the recommendation. Mr. Benoit explained that two of the proposals submitted were from Advance Paradigm, Inc. (API) and PCS Health Systems (PCS). After the proposals were submitted, a merger was completed, and these companies became Advanced PCS. They were considered separate proposals throughout the process, and the merger had no impact on the bids. Mr. Wall recommended authorization to negotiate a contract with Advanced PCS and bring the contract back to the Board for approval.

A motion was made by Dr. Cicardo to cancel the Request for Proposals (RFP) for Pharmacy Benefit Management Services. The motion died for lack of a second.

A motion was made by Mr. Lee, seconded by Mr. Smith, to approve the recommendation of the Evaluation Committee and allow staff to negotiate a contract with Advanced PCS for Pharmacy Benefit Management Services to be approved by the Board of Trustees and to coincide with annual enrollment.

The following is the result of a roll call vote:

YEAS

Dr. Calvin
Mr. Culotta
Mr. Greer
Mr. Lazare
Mr. Lee
Mr. Lincecum
Rep. Powell
Sen. Schedler
Mr. Temple

NAYS

Dr. Cicardo

With nine (9) yeas and one (1) nay, the motion passed.

Life Insurance

Mr. Lee reported that the Program had received three responses on the RFP for the Life Insurance. He stated that staff and consultants are reviewing the bids, and the Committee would report the results to the Board when the review process is completed.

Flexible Benefits Plan Changes

Mr. Ray Harrison, SEGBP Flex Plan Administrator, explained that the IRS has issued new final regulations and proposed regulations for Section 125 cafeteria plan which will accomplish the following:

- Provide clarification language for administering the "Changes in Status."
- Include definitions for "Family Member Plan" and "Placement for Adoption."
- Allow participants to commence or increase health coverage when there is a loss of eligibility for coverage under Medicare or Medicaid.
- Allow participants to change to other health plan options when there is significant increase in cost.
- Allow participants to revoke their health plan option or change to other health plan options when there is a significant curtailment of coverage.
- Allow participants to change health coverage when there is a change in coverage under the spouse's or dependent's employer.
- Increase the number of qualifying events for "Change in Status" under the Dependent Care Flexible Spending Account which includes:
 - Annulment
 - Placement for adoption
 - Change in Dependent Care Provider
 - Dependent satisfies or ceases to satisfies eligibility requirements
 - Change in workplace for employee or employee's spouse.
- Provide clarification language for administering "Changes in Status" including a definition for "Placement for Adoption" and "Change in Cost" by relative for the Dependent Care Flexible Spending Account.

A motion was made by Dr. Cicardo, seconded by Mr. Lincecum, to amend the program's flexible benefits documents to incorporate these regulations to be effective January 1, 2001. There being no opposition, the motion passed.

SPN Network

Mr. Wall presented the revised Select Provider Network (SPN) option plan design to the Board. The plan is to make available an 80/20 benefit, with modifications, in an effort to control cost for lower paid state employees. The SPN on prescription drugs has a 50% co-insurance with \$50 per prescription limit. The SPN would be a third option offered along with the PPO and EPO options currently offered by the Program. The SPN plan members would access the EPO Network, which would be a cost savings to the Program. Mr. Wall stated there would be a 10% to 15% reduction in premium to the employee.

A motion was made by Mr. Lincecum, seconded by Mr. Lee, to adopt the SPN as a third option to be offered to plan members.

The following is the result of a roll call vote:

YEAS

Dr. Calvin
Dr. Cicardo
Mr. Greer
Mr. Lazare
Mr. Lee
Mr. Lincecum
Rep. Powell
Sen. Schedler
Mr. Smith
Mr. Temple

NAYS

Mr. Culotta

With ten (10) yeas and one (1) nay, the motion passed.

Amendment to the HMO Contract

Mr. Lee stated that Ochsner Health Plan, Inc. (OHP) had requested an amendment to its contract to allow OHP to make corresponding changes when the SEGBP implements mid-year benefit reductions.

Mr. George Renaudin, representing Ochsner Health Plan, Inc., explained that the amendment would allow OHP to make corresponding changes to the OHP plan of benefits, or prohibit additional enrollment to OHP. Mr. Renaudin stated that not changing the benefits causes an adverse selection against OHP.

Mr. O'Shee recommended changing the language in the amendment, making it the same on either reduction in benefits and/or enhancement in benefits to the Program's EPO.

Mr. Wall recommended that the amendment to the OHP contract be approved and to allow all of the HMOs to make corresponding changes of benefits.

A motion was made by Mr. Lincecum, seconded by Rep. Powell, to approve the amendment to all HMO contracts.

The following is the result of a roll call vote:

YEAS**NAYS**

Dr. Calvin
Dr. Cicardo
Mr. Culotta
Mr. Greer
Mr. Lazare
Mr. Lee
Mr. Lincecum
Rep. Powell
Sen. Schedler
Mr. Temple

With ten (10) yeas, no (0) nays, the motion passed.

Grievance Committee

Mr. Culotta reported on the November 27, 2000 Grievance Committee meeting. The Committee acted on seven (7) appeals, and reviewed 39 recommendations of the Administrative Claims Committee from its meetings. The Committee heard from the staff that the plan document language for the wellness benefit for plan members over the age of 50 and above was open to interpretation. The Committee authorized staff to approve benefits to plan members whose wellness exams are received in different calendar years opposed to plan year.

A motion was made by Mr. Culotta, seconded by Mr. Lincecum, for acceptance of the report of the November 27, 2000 Grievance Committee meeting. There being no objections, the motion was approved.

RESOLUTION OF THE BOARD OF TRUSTEES, SEGBP

Mr. Benoit explained the resolution presented to the Board in regard to the August 31, 2000 Board meeting at which the Board reviewed recommendations of the Benefits and Rate Making Committee and authorized certain amendments of the EPO and PPO plan documents of benefits to be implemented on January 1, 2001, in order to address the financial situation of the Program. The resolution authorizes implementation of the plan document amendments and ratifies the action of the CEO in issuing emergency rules.

A motion was made by Mr. Lincecum, seconded by Mr. Greer, to adopt the resolution authorizing certain amendments of the EPO and PPO plan documents of benefits to be implemented on January 1, 2001. There being no opposition, the motion passed.

NEW BUSINESS

Mr. Culotta stated that he was contacted by Mr. Ed Reed, Executive Director of the Retired State Employees Association. It was suggested that Mr. Culotta, Sen. Clo Fontenot, and Mr. Reed meet with the Governor and Commissioner of Administration, Mr. Mark Drennen, to explore the possibility of the state picking up the 15% premium rate increase that would be effective January 1, 2001. Also, a

request would be made to the Governor that the state pay 100% of the active employee's single premium.

OLD BUSINESS

Mr. Culotta questioned who the appointed members were that would serve on the State Employees Health Benefits Study Commission. Mr. Culotta questioned whether there was a member of the Board representing retirees. Mr. Temple requested that Mr. Culotta direct his questions and comments to the Governor's Office. Mr. Culotta requested a list of members of the Study Commission.

Mr. Culotta requested that when Mr. Wall testifies to the Study Commission that he does so under the guidance of the Board of Trustees. Mr. Culotta stated that he does not want any recommendations made to the Study Commission that the Board has not reviewed. Mr. Culotta stated that he does not want Mr. Wall or any one on the staff of SEGBP to make any recommendations to the Study Commission that the Board of Trustees may not be in favor of.

Dr. Cicardo voiced her concern in regard to the member chosen to represent Higher Education. The individual chosen was someone she had twice defeated in elections by several hundred votes. She stated that in her opinion, the selection was callous, arrogant and cavalier, and that it stated to plan members that their opinions did not matter.

Prevnar

Mr. Wall presented information on Prevnar inoculation for children. He stated that the issue was discussed in the benefits modifications but no action was taken at that time. The vaccination is recommended for children, and Dr. McKnight recommends that the childhood vaccination should be included in the Program's plan under childhood immunizations.

A motion was made by Mr. Greer, seconded by Dr. Cicardo, to approve the vaccine Prevnar in SEGBP plan of benefits under childhood immunizations. There being no opposition, the motion passed.

Vacancy on the Board

Mr. Wall explained that due to family matters, Mr. Charles Castaing had missed the number of Board meetings requiring the Board to declare a vacancy. Mr. Wall requested that the Board declare a vacancy in his position, pursuant to statute, recommending that the Governor reappoint Mr. Castaing to the position.

A motion was made by Mr. Culotta, seconded by Rep. Powell, to declare a vacancy on the Board of Trustees of SEGBP, recommending reappointment of Mr. Castaing. There being no opposition, the motion passed.

ADJOURN

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