

Minutes from the Meetings of the Board of Trustees

January 26, 2000

CALL TO ORDER

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

ROLL CALL

Members Present

Dr. Merline Broussard
Dr. James Calvin
Mr. Charles Castaing
Mr. Russell Culotta
Mr. Robert Greer *
Mr. David Hood
Mr. James Lee
Mr. Hubert Lincecum
Mr. Richard O'Shee *
Senator Tom Schedler
Mr. John Warner Smith
Mr. Aubrey Temple
Mr. Kelly Ward

Members Absent

Dr. Barbara Cicardo
Rep. Chuck McMains

Roll call indicated eleven (11) Board Members present, representing a quorum.

*Mr. Robert Greer and Mr. Richard O'Shee arrived after roll call.

Mr. Temple questioned whether there were any additions or deletions to the agenda for the meeting. A motion was made by Mr. Ward, with a second by Dr. Broussard, to amend the agenda to include an item under new business concerning an interim position for Teachers/Other School Employees of Elementary & Secondary Schools, to be filled on the Board until an election could be held. There being no objection, the motion was approved.

APPROVAL OF MINUTES OF DECEMBER 15, 1999 MEETING

The minutes of December 15, 1999 meeting were presented for review and approval. A motion was made by Mr. Ward, with a second by Mr. Lincecum, to accept the minutes of the December 15, 1999 Board Meeting. There being no objection, the minutes were approved.

CEO/COO REPORT

Employee of the Month

Mr. Wall introduced to the Board the January Employee of the Month, Mr. Dean Moberley. Mr. Moberley has been employed with SEGBP for 22 years. Mr. Moberley is the Interim Administrator for the Customer Services Division and has done an outstanding job in assisting plan members with their insurance problems or concerns. Mr. Wall presented Mr. Moberley with an Employee of the Month plaque and stated that he was greatly appreciated for his efforts and contribution to the agency.

Mr. Wall stated that the Employee of the Year for 1999 was Ms. Jean Firmin. Ms. Firmin was not in attendance at the Board Meeting and would be presented with the Employee of the Year plaque at the next scheduled Board Meeting.

PPO Comparison Report

Mr. Wall stated that there was no significant change in the PPO Comparison Report, which was provided to the Board Members for review.

Operations/ACD Telephone Calls

Mr. Wall stated that the Daily Claims Inventory chart indicated the claims volume continues to increase and two plans of actions had been implemented to handle the increase. He stated that due to an emergency approval, the selected TPA had started processing Medicare claims and would be processing seven to eight thousand claims per week. The senior staff of the agency had volunteered to contribute 40 hours of overtime within the next month to help decrease the volume of claims. Mr. Wall stated that according to the Claims Director, Ms. Meri Ann Worley, the claims backlog would be decreased by the end of February to an acceptable level.

Mr. Wall stated that the Claims Processing and CASSS Levels Per Month chart indicated the receipt of claims and increased utilization. The agency was in the process of accommodating the 20 thousand plan members from the annual enrollment of last year.

Mr. Wall delivered a summary of SEGBP Service Improvement Initiatives, which indicated service improvements and enhancements that would be implemented in the agency within the next few months. Mr. Wall stated that the services would have a great impact on the agency and improve services for the plan members and providers. Mr. Wall highlighted the following:

- **Verifax** - Will permit eligibility confirmation without accessing a Customer Service representative. Will enhance services to providers and reduce telephone calls.
Implementation date: February 15, 2000.
- **Imaging** - Replace current imaging system. Will improve production in Claims Processing. Will also permit copying of life insurance records.
Implementation date: May 1, 2000.
- **Checkmatch** - Will provide for improved EOBs. Will also provide for checks and EOBs to be mailed together.
Implementation date: June 1, 2000
- **Envoy** - Will enable SEGBP to receive claims through electronic submission. Will improve accuracy and reduce manual processing.
Implementation date: May 1, 2000.
- **Web Site E-mail** - Will permit plan members to submit inquiries to SEGBP via e-mail.
Implementation date: January 19, 2000.

The Board questioned the cost to the agency for the various services. Mr. Wall stated that the Verifax cost approximately \$130,000; and the RFP had not been sent out for Checkmatch. Mr. Boesch stated that the Imaging System would be under 1.5 million dollars; and Envoy had an initial set up fee of \$10,000 and then .35 cents per claim.

Financial Report

Mr. Wall stated that at Mr. Castaing's request at the Internal Audit/Finance Committee, Ms. Kaye Milliner, Fiscal Manager, prepared and delivered a statement comparing expenses of FY 2000 with expenses from FY 1999. Ms. Milliner reported that the accrual balance sheet indicated the deficit fund balance as of December 31, 1999, was \$47,401,282 compared to \$50,373,555; revenues were \$265,746,645 compared to \$237,234,040; total expenses were \$252,227,576 compared to \$244,873,743; and total surplus of \$13,519,069 compared to \$7,639,703 deficit as of December 31, 1998. Mr. Castaing requested the statement be furnished on a monthly basis for review.

Mr. Hood stated concern that the prescription claim payments to Medco increased by 40% over the same period as last year. He questioned the impact of the new co-payment structure that would become effective in the near future. Mr. Ken Viera, Aon Consultant, stated that there was a 20% increase in plan membership. The change estimated to save approximately 8 to 10 million dollars was based on the current subscription count, not the count of plan members changing prescriptions (shifting to generic drugs). Mr. Viera stated that he would meet with Merck/Medco to discuss the projected trend for the next fiscal year. Mr. Wall stated that in 1997-98 the drug cost was \$40 million dollars, in 1998-99 the drug cost was \$52 million dollars, and in 1999-2000 the drug cost was projected to double. A large portion of that amount would be contributable to the 20 thousand new plan members who joined last year. Mr. Hood stated that pricing inflation in pharmaceutical products and consumer advertising helps to generate tremendous increases in the cost and utilization of drugs. Mr. Hood's concern was that SEGBP was not addressing the entire problem with premium increases and that the agency was taking aggressive action to deal with the rising cost.

Legal Report

Mr. Wall stated there were no significant changes in the legal report. There was a discussion in the Internal Audit/Finance Committee of litigation regarding the agency that would be covered in the Committee report.

CIO REPORT

General Comments

Mr. Boesch stated that Checkmatch would provide better services to the plan members and providers and also save the agency significant expenses for the maintenance on equipment the agency currently has. Mr. Boesch reported that the agency has had no Y2K problems.

COMMITTEE REPORTS

Grievance Committee Meeting

Mr. Culotta reported on the December 22, 1999 Grievance Committee meeting. The Committee acted on three (3) appeals and approved fourteen (14) recommendations from the Administrative Claims Committee.

A motion was made by Mr. Castaing, with a second by Mr. Ward, for acceptance of the report of the December 22, 1999 Grievance Committee meeting. There being no objection, the report was accepted.

Benefits and Rate Making Committee

Mr. Greer reported on the January 19, 2000 Benefits and Rate Making Committee meeting. Mr. Greer reported on each recommendation from the Committee meeting and requested that the Board take action on each item.

The Committee recommends allowing the SEGBP to solicit proposals for coverage of the current indemnity plan of benefits in the private market.

A motion was made by Mr. Greer, with a second by Dr. Broussard, allowing the SEGBP to solicit proposals for coverage of the current indemnity plan of benefits in the private market.

The following is the result of a roll call vote:

YEAS

Dr. Broussard
Dr. Calvin
Mr. Castaing
Mr. Greer
Mr. Hood
Mr. Lee
Mr. Lincecum
Senator Schedler
Mr. Smith
Mr. Temple
Mr. Ward

NAYS

Mr. Culotta

With eleven (11) yeas, and one (1) nay, the motion passed.

The Committee recommends selection of NPPN as vendor for the national out of state PPO, subject to NPPN adequately addressing concerns in a letter raising questions about their performance.

Mr. Wall stated a meeting was held with NPPN following the Benefits and Rate Making Committee. NPPN had addressed those concerns. Mr. Wall stated that NPPN would provide significant benefits for SEGBP plan and plan members. He recommended approval of the contract, noting that it would include a cancellation provision. Should SEGBP later determine that the plan is not in the best interest of the program or plan members, SEGBP could cancel the contract.

A motion was made by Mr. Greer, with a second by Mr. Lincecum, to select NPPN as vendor for the national out of state PPO. There being no objection, the motion was approved.

Mr. Greer reported that the Committee approved the language regarding the 3-tier co-payment on prescription drugs for inclusion in the PPO and EPO Plan Documents. Also, the Committee approved a change in the Claims Review and Appeals provision, whereby the appeals are sent: "Attention: Appeals and Grievances" rather than to the CEO's office. A motion was made by Mr. Greer, with a second by Mr. Lincecum, for acceptance of the Benefits and Rate Making Report. There being no objection, the report was accepted.

Internal Audit/Finance Committee Report

Mr. Lee stated that the Internal Audit/Finance Committee met on January 25, 2000.

Mr. Lee stated that the Committee reviewed and tabled the item concerning the SEGBP Building Lease with the Department of Agriculture until the next Committee meeting. Mr. Temple questioned the delay concerning the lease agreement. Mr. Wall stated that the Division of Administration requested information from the Department of Agriculture and the item would be revisited in February. Mr. Temple stated that a date needed to be set for the issue to be resolved or stop paying rent.

A motion was made by Senator Schedler, with a second by Mr. Smith, to send a letter with the February rent indicating that on March 1, 2000 the Board expected delivery of the agreement or the rent would not be paid. There being no objection, the motion was passed.

Mr. Lincecum stated that the February Internal Audit/Finance Committee meeting was scheduled to follow the Board Meeting in Lafayette. Mr. Lincecum requested that in the future the Committee meet prior to the out of town Board Meetings due to the expense of accommodating staff for the meetings. Mr. Lee stated that it was his intention to schedule the following meetings a week prior to the Board meeting.

The Committee recommends acceptance of the financial report as presented with the noted corrections.

Following a brief summary of the financial report by Ms. Milliner, a motion was made by Mr. Lee, with a second by Mr. Lincecum, to accept the financial report as presented. There being no objection, the motion was approved.

Mr. Lee stated that the Committee reviewed the Fleet Management and Financial Reporting audits. Copies of the audits would be sent to the Board Members and the audits would be discussed at the next Board Meeting.

Mr. Lee reported that the Committee reviewed the Legislative Audit Report. It was requested that the Internal Auditors follow up on the findings and report back to the Committee when the findings were resolved.

The Committee recommends allowing the CEO to explore the options for Medicare Buy-In for all plan members.

A motion was made by Mr. Lee, with a second by Mr. Lincecum, to allow the CEO to explore the options for Medicare Buy-In for the plan members. There being no objection, the motion was approved.

The Committee recommends acceptance of the HMOs proposals for Region 1, 3, 6, and 9.

Mr. Tom Blunk, Aon Consultant, summarized the HMO RFP results. There were three HMOs that bid in four regions. Ochsner Health Plan bid in regions 1,3, & 6 (New Orleans, Hammond, and Baton Rouge); Gulf South Health Plan bid in region 6 (Baton Rouge); and Vantage Health Plan, Inc. bid in region 9 (Monroe area). Dr. Calvin questioned why Aetna Healthcare and United Healthcare did not have sufficient information in order to submit proposals. Mr. Wall stated that Aetna Healthcare and United Healthcare declined to submit proposals for several reasons, including not having claims data. In compliance with the procurement code, a proposal conference was conducted in December and the purpose of the conference was to request any information that was needed. No request for claims data was made. Mr. Viera noted that United Healthcare had the claims data for the Lafayette region and could have bid at any rate deemed appropriate. Mr. Blunk stated that some carriers would not bid government business. Mr. Blunk stated that Aon recommended allowing the HMOs to participate in the program.

Mr. Wall recommended allowing plan members to have the option of changing between programs at least once a year.

A motion was made by Mr. Lee, with a second by Mr. Lincecum, to accept the HMO proposals as recommended by Aon Consultants. There being no objection, the motion was approved.

Mr. Lee stated that the Committee convened into executive session to discuss a possible class action suit against the Agency due to lack of payment in thirty days.

The Committee recommends allowing the CEO to pursue and present on behalf of the agency any legal avenues and defense of the case.

A motion was made by Mr. Lee, with a second by Mr. Lincecum, to allow the CEO to pursue and present on behalf of the agency any legal avenues and defense of the case. There being no objection, the motion was approved.

The Committee recommends amending the Plan Documents as follows:

Amend Article 1, Section II, Continued Coverage by adding a new Subsection E to read as follows:

"E. Family and Medical Leave Act Leave of Absence. If an employee is on approved FMLA leave, the plan member may retain the coverage for the duration of the leave. The participant employer shall pay the employee's share of the premium during FMLA leave, even if in a leave without pay status. The participant employer may pay the employee's share during an unpaid FMLA leave of absence subject to reimbursement by the employee."

A motion was made by Mr. Lee, with a second by Mr. Lincecum, to amend the Plan Documents as recommended by the Committee. There being no objection, the motion was approved.

Mr. Lee reported that the February Internal Audit/Finance Committee meeting would be held following the Board Meeting in Lafayette, La.

A motion was made by Mr. Lee, with a second by Mr. Smith to accept the Internal Audit/Finance Committee report as presented. There being no objection, the motion was approved.

NEW BUSINESS

Mr. Wall reported that SEGBP would be required to conduct elections for four members of the Board. The members to be elected are as follows: Higher Education, (Incumbent - Dr. Barbara Cicardo); Department of Transportation and Development, (Incumbent - Mr. James Lee); Department of Health and Hospitals/Department of Social Services, (Incumbent - Mr. David Hood); and School Employees, (Former Incumbent - Mr. Richard Miles). Mr. Wall stated that a procedure would be finalized with the agencies' human resource personnel to coordinate the activities. A newsletter would be distributed and information would be posted on the web site to advise plan members of the election procedures. Mr. Wall requested a Special Board Meeting on February 17, 2000, 9:00 a.m., to review EPO proposals in Alexandria, Lake Charles and Houma/Thibodaux regions and to approve premium rates for next year.

Mr. Ward presented to the Board for consideration, a candidate for appointment to serve as interim representative of Teachers/Other School Employees of Elementary & Secondary Schools until the election. Mr. Ward stated that he felt Ms. Mary Levingston-McDaniel, Human Resource Manager at Claiborne Parish School Board, would serve well on the Board. There being no further nominations, and without objection, Ms. Levingston-McDaniel was appointed to serve on the Board as interim representative for Teachers/Other School Employees of Elementary & Secondary Schools.

OLD BUSINESS

Mr. Culotta asked Mr. Boesch whether the report on the Chiropractic Consultant was available. Mr. Boesch stated that the report that had been prepared had significant mistakes. He stated that the report would be reissued to the Board Members by the end of the week.

Mr. Temple questioned Mr. Wall concerning the Life Insurance RFP. Mr. Wall stated that the Life RFP, Pharmaceutical RFP, RFP to solicit proposals on dental and vision, and RFP for EPO Durable Medical and Out Patient Rehab were being finalized.

Dr. Broussard requested that the October Board Meeting scheduled for Wednesday , October 25, 2000 be moved to the previous Wednesday, October 18, 2000, due to the LRTA Fall Conference. A motion was made by Mr. Lincecum, with a second by Mr. Ward, to reschedule the Board Meeting of October 25, 2000, to October 18, 2000. There being no objection, the motion was approved.

ADJOURN

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