

Minutes from the Meetings of the Board of Trustees

March 29, 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
Mr. Charles Castaing
Dr. Barbara Cicardo
Mr. Russell Culotta
Mr. David Hood *
Mr. James Lee
Mr. Hubert Lincecum
Ms. Mary McDaniel
Mr. Richard O'Shee
Representative "Tank"
Powell
Mr. John Warner Smith
Mr. Aubrey Temple

Members Absent

Dr. James Calvin
Dr. Robert Greer
Senator Tom Schedler
Mr. Kelly Ward

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

* Mr. David Hood arrived after roll call.

APPROVAL OF MINUTES OF FEBRUARY 17, 2000 MEETING (Special Board Meeting)

The minutes of February 17, 2000 meeting were presented for review and approval. A motion was made by Mr. Lincecum, seconded by James Lee, to accept the minutes of the February 17, 2000 Board Meeting. There being no objections, the minutes were approved. Dr. Cicardo abstained from voting due to her absence from that meeting.

APPROVAL OF MINUTES OF FEBRUARY 23, 2000 MEETING (Lafayette, La.)

The minutes of February 23, 2000 meeting were presented for review and approval. A motion was made by Mr. Lincecum, seconded by Ms. McDaniel, to accept the minutes of the February 23, 2000 Board Meeting. There being no objections, the minutes were unanimously adopted.

CEO/COO

Employee of the Month

Mr. Wall introduced Ms. Sandra Tipton, selected by her co-workers as March Employee of the Month. Ms. Tipton started with the Program as a CSRG employee and presently is employed in the Training Division. Mr. Wall presented Ms. Tipton with the Employee of the Month plaque and stated that she did an excellent job for the agency and was recognized for her contribution.

Medicare Report

Mr. Bruce Minor, Fiscal Director, reported on the "Medicare Buy-In" for retired state employees. Mr. Minor noted that there were approximately 13,000 retirees who were not eligible for Medicare. The retirees do not have the necessary quarters into the Social Security System to qualify for hospitalization Part A at no cost to them. Part B was currently \$45.00 per month. The State elected to not contribute to the Social Security system, and participated only in the Retirement System. As of April 1, 1986 all newly hired state employees must contribute the Medicare portion of the Social Security tax. The tax was currently 1.45% of gross earnings. Of the 13,617 retirees enrolled in SEGBP that are not covered by Medicare, 4,815 were over age 65 and not Medicare eligible. Mr. Minor presented a chart comparing retirees with no Medicare coverage and not Medicare eligible.

Mr. Minor presented a chart comparing retirees with no Medicare coverage and retirees with Medicare coverage. He stated that the retirees with Medicare coverage are paying a premium for the Medical Benefits (Part B) portion of Medicare. The premium was currently \$45.50 per month per individual. For those individuals that do not qualify for Medicare, but wish to participate in the "Part A" portion of Medicare, the cost was \$301.00 per month if they join immediately upon eligibility. Should the individual not apply within the 90 day window, there was a 10% surcharge added and the premium would be \$331.10. Based on the 4,815 retirees that are in the Program and are over the age of 65, this could amount to a cost of \$19,130,958.00 on an annual basis.

Mr. Minor stated that the question was whether the cost is lower to contribute the necessary funds to insure that Medicare covers all retirees. It would lower claims expense by making SEGBP the secondary insurer for most retirees as opposed to primary insurer. Mr. Minor stated that he was currently compiling data to show what the costs would be for providing the coverage.

Mr. Temple requested Mr. Minor to report on the net claims cost for the Program by the April Board Meeting. Mr. Temple also requested that the agency communicate with the Division in regard to the issue. Mr. Wall stated that the agency would be communicating with Senator John Breaux's office for additional options.

EPO Network Report

Mr. Wall reported that two changes had been made to the EPO network, involving LSU Medical Center in Shreveport and the Cabrini Hospital in the Alexandria region. Dr. Cicardo questioned the evaluation process for Cabrini PHO versus Rapides PHO.

Mr. Temple requested Aon to review the evaluation from comparison bases and send a report to the Board on the issue.

PlanSmart Choice Demonstration

Mr. Wall reported that this tool was available to Federal employees to assist them in choosing among different products offered from various companies. Mr. Wall delayed the demonstration for a later date, because of technical difficulties.

PPO Comparison Report Mr. Wall stated that the PPO Comparison Report was provided to the Board Members for their review.

Operations/ACD Telephone Calls

Mr. Wall reported that the status of the Daily Claims Inventory had greatly improved. The current claims volume in-house has decreased to fewer than 100 thousands claims. According to staff, the agency would be under the 30-day window by the end of the week. Mr. Wall stated that SEGBP contracted with a firm approved by the Division of Civil Service to assist in the CASSS Division and Claims Processing Division.

Financial Report

Mr. Wall stated that the Financial Report was presented and accepted at the Internal Audit/Finance Committee Meeting.

Legal Report

The Legal Report was presented to the Board Members for review.

CIO REPORT

General Comments

Mr. Thommy Boesch reported on the major projects in the Information Services Division. ScanOptics had been awarded the contract for the imaging system. Finalization of the contract was in process and expected from the Office of State Purchasing by the following week. ScanOptics had 90 days to complete the implementation process.

Mr. Boesch reported on EDI (electronic claims) contract with Envoy. Envoy would enable providers to submit claims electronically to SEGBP.

Mr. Boesch reported that SEGBP had received two responses from vendors for the Check-Match/Voucher RFP and the evaluation process would begin. Mr. Boesch noted that the voucher would be user-friendly.

REPRESENTATIVE "TANK" POWELL

Mr. Temple introduced and welcomed Representative "Tank" Powell to the Board of Trustees. Representative Powell was appointed to replace Representative McMains, who has stepped down from the Board. Mr. Temple stated that Representative Powell's experience in the health care industry would be very vital to the agency. Mr. Temple thanked him for agreeing to serve on the board.

COMMITTEE REPORTS

Internal Audit/Finance Committee

Mr. James Lee reported on the March 28, 2000, Internal Audit/Finance Committee meeting. Mr. Lee presented recommendations from the Committee and requested that the Board take action on each item.

The Committee recommends that the Board accept the 12.5% premium increase for the plan year 2000/20001.

Mr. Culotta delivered an article from March 20, 2000, *Morning Advocate*, concerning state employees earning 23% less, and also paying more for their health insurance premium than in the private sector. Mr. Culotta and several other Board Members expressed their concern in regard to decreasing the SEGBP Benefit Package. Mr. Temple stated that the Board would review and address the benefit structure of the plan. Work Sessions for May and June would be announced at the next Board Meeting.

Following a brief discussion, a motion was made by Mr. Lee, seconded by Mr. Smith, to accept a 12.5% premium increase for the plan year 2000/2001, effective July 1, 2000.

Following is the result of a roll call vote:

YEAS

Mr. Castaing
Mr. Culotta
Mr. Hood
Mr. Lee
Mr. Lincecum
Rep. Powell
Mr. Smith
Mr. Temple

NAYS

Dr. Broussard
Dr. Cicardo
Ms. McDaniel

With eight (8) yeas, and three (3) nays, the motion passed.

The Committee recommends that the Board establish a standardized PPO contract and a Provider Compensation and Reimbursement Committee in order to review all reimbursement rates throughout the state.

A motion was made by Mr. Lee, seconded by Mr. Lincecum, to establish a standardized PPO contract and to establish a Provider Compensation and Reimbursement Committee. There being no objection, the motion was approved. Mr. Temple announced that Board Members who wanted to serve on the Committee should inform Mr. Wall. Also, any Board Member who failed to attend two consecutive meetings could no longer serve on the Committee.

The Committee recommends allowing staff to pursue an HMO ASO contract in the Lafayette and Houma/Thibodaux areas.

A motion was made by Mr. Lee, seconded by Dr. Cicardo, allowing staff to pursue an HMO ASO contract in the Lafayette and Houma/Thibodaux areas. There being no objection, the motion was approved.

The Committee recommends authorizing staff to explore setting up a satellite office in a rural area for the purpose of processing claims and providing customer service.

A motion was made by Mr. Lee, second by Mr. Castaing, to authorize staff to explore setting up a satellite office in a rural area for the purpose of processing claims and providing customer service. There being no objection, the motion was approved.

The Committee recommends acceptance of Aon's recommendation for the EPO Network in Region 7, which would change the award of the EPO contract from Louisiana Regional PHO to Central Louisiana Health Alliance.

A motion was made by Mr. Lee, second by Mr. Smith, to accept Central Louisiana Health Alliance for the EPO Network in Region 7. There being no objection, the motion was approved.

The Committee recommends acceptance of the March Financial Statement as presented.

A motion was made by Mr. Lee, second by Mr. Castaing, to accept the March Financial Statement as presented. There being no objection, the motion was approved.

The Committee recommends acceptance of the Internal Audit Report for the Travel Operation Status for 1999-2000, Audit Charter, and Audit Follow-up for the Legislative Audit Report.

A motion was made by Mr. Castaing, seconded by Ms. McDaniel, to accept the Internal Audit Report on Travel Operation Status for 1999-2000, Audit Charter, and Audit Follow-up for the Legislative Audit Report. There being no objection, the motion was approved.

The Committee recommends acceptance for the Utilization Management RFP and Prescription Benefit Management RFP.

A motion was made by Mr. Lee, seconded by Mr. Castaing, to accept the Utilization Management RFP and Prescription Benefit Management RFP. There being no objection, the motion was approved.

The Committee recommends to amend the language in the plan document to provide for reimbursement to the Agencies as well as the employees due a premium refund.

A motion was made by Mr. Lee, seconded by Mr. Castaing, to amend the language in the plan document to provide for reimbursement to the Agencies as well as the employees due a premium refund.

Mr. Wall reported that the SEGBP and LSU Medical Center in Shreveport entered into a PPO contract in 1999 providing that the Agency would reimburse LSU Medical Center at the rate of 1.54 times RVRBS for the year in which the services were rendered. SEGBP does not have the 1999 and 2000 RVRBS schedule. As an alternative, the LSU Medical Center requested reimbursement at 162% of the 1998 RVRBS schedule. Aon had reviewed and agreed with the analysis. Mr. Wall recommended amending the contract for the SEGBP to continue processing the claims.

A motion was made by Mr. Lee, seconded by Mr. Smith, to amend the contract to pay at 162% of the 1998 RVRBS.

Following is the result of a roll call vote:

YEAS	NAYS	ABSTAINED
Dr. Broussard	Mr. Castaing	Mr. Hubert Lincecum
Dr. Cicardo	Mr. Culotta	
Mr. Lee	Mr. Temple	
Ms. McDaniel		
Rep. Powell		
Mr. Smith		

With six (6) yeas, three (3) nays, and one (1) abstention, the motion failed.

Mr. Temple suggested SEGBP to discuss this matter with the Division of Administration and LSU and try to resolve the problem in the best interest of the program.

This concluded the report of the Internal Audit/Finance Committee meeting.

Grievance Committee

Mr. Culotta reported on the March 23, 2000 Grievance Committee meeting. The Committee acted on three (3) appeals and forty-five (45) recommendations from the Administrative Claims Committee.

A motion was made by Mr. Culotta, with a second by Mr. Castaing, for acceptance of the report of the March 23, 2000 Grievance Committee meeting. There being no objection, the report was accepted.

Benefits and Rate Making Committee

In the absence of Mr. Greer, Mr. Lincecum reported on the March 28, 2000 Benefits and Rate Making Committee meeting. Mr. Lincecum reported on each recommendation from the Committee meeting and requested the Board take action on each item.

Mr. Lincecum reported that the Committee heard a presentation by Dr. Caroline Norman, Consultant with Our Lady of Lourdes Regional Medical Center in Lafayette. Dr. Norman requested SEGBP's participation with their program to enhance the Wellness Program.

The Committee took under advisement the presentation and recommended reviewing the subject and possibly implementing a program similar to the one that was presented.

The Committee recommends allowing the CEO to hire an on-staff actuary with an annual salary of \$100,000.

Mr. Lincecum reported that the Committee received a letter from a plan member requesting reconsideration of payment on certain vitamins (Rocaltrol). Dr. McKnight recommended coverage for a selected group of vitamins. A motion was passed for the Committee to take under advisement, have discussion with staff and Medical Director and refer back to the Committee for recommendation.

A motion was made by Mr. Lincecum, with a second by Mr. Castaing, to adopt the Benefits and Rate Making Committee report. There being no objection, the report was adopted.

NEW BUSINESS

Executive Order MJF 00 - State Employees Cafeteria Plan

Mr. Wall delivered a proposed Executive Order to be issued by the Governor concerning the State Employees Cafeteria Plan. He reported that the agency had experienced numerous problems with the administration of the Cafeteria Plan. The executive order would establish a commission to review the current overall cafeteria plan program and make recommendation for Legislation on the program.

A motion was made by Mr. Lincecum, with a second by Mr. Lee, to accept the Executive Order concerning the State Employees Cafeteria Plan as presented. There being no objection, and one abstention (Dr. Cicardo), the motion was approved.

Mr. Culotta stated that he would like a greater participation of plan members at the Board Meeting in Shreveport. He suggested a special notice be mailed out to the plan members. Mr. Wall stated that the Lafayette meeting cost approximately \$3,000.00 and the Shreveport meeting would be substantially higher due to the staff and Board

Members having to stay overnight. Mr. Temple suggested having one meeting in the Monroe area and to reconsider the travel around the state due to the cost to the agency.

A motion was made by Dr. Cicardo, with a second by Mr. Culotta, to cancel the offsite Board Meetings with the exception of the Monroe meeting, effective immediately, giving the Chairman the discretion to move that meeting to Alexandria. There being one objection (Mr. Lee), the motion was approved.

Dr. Cicardo recommended mailing election ballots for the Board to the plan members because Human Resource offices often do not distribute information to the plan members in a timely manner. Mr. Temple stated that the Human Resource Division of each agency had a responsibility to get the information to the employees and the Division of Administration needed to get involved to insure the agencies followed the procedure.

A motion was made by Dr. Cicardo, with a second by Dr. Broussard, to mail the election ballots for the Board to the plan members. There being no objection, the motion was approved.

Mr. Castaing recommended removing "Viagra" from drug reimbursement due to the cost to the agency. Mr. Culotta stated that a Committee needed to decide on the plan of benefits and refer back to the Board with a benefit package.

A motion was made by Mr. Castaing, with a second by Mr. Lincecum, to remove the "Viagra" from drug reimbursement, effective July 1, 2000.

Ms. Brenda Basset, Merck/Medco representative, recommended reviewing the whole category of drugs pertaining to impotency rather than a single drug. Mr. Culotta expressed his concern in regard to other drugs and benefits that need to be reviewed before making the decision. Dr. Broussard questioned whether the agency had documented data reflecting the savings to the agency. Mr. Wall stated that the Board Members were provided with the 100 top utilized drugs by members of the plan. The list indicated expenditure of \$500,000 for "Viagra".

Mr. Castaing amended his motion, with a second by Mr. Lincecum, to eliminate reimbursement for prescription drug therapy for impotence, effective July 1, 2000.

The following is the result of a roll call vote:

YEAS

Dr. Broussard
Mr. Castaing
Dr. Cicardo
Mr. Lee
Mr. Lincecum
Ms. McDaniel
Rep. Powell
Mr. Smith
Mr. Temple

NAYS

Mr. Culotta

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

* Mr. Culotta noted for the record, that he was not opposed in dropping this drug therapy but does not agree in the manner in which it was done.

A motion was made by Mr. Culotta to remove birth control pills from the list except when medically necessary. The motion died for a lack of a second.

A motion was made by Mr. Castaing, with a second by Mr. Lincecum, to change the policy of paying for a 90 day supply of drugs to a 30 day supply. Following a brief discussion, Mr. Castaing withdrew his motion. Mr. Lincecum withdrew his second to the motion.

The Board recommended that Aon and Merck/Medco prepare a firm projection of the cost of 90 day supply versus 30 day supply for the next Benefits and Rate Making Committee meeting.

Mr. Wall suggested a written summary concerning pharmacy utilization from Merck/Medco for the next Benefits and Rate Making Committee.

Mr. Temple presented Ms. Angele' Davis with a plaque and recognized her for an excellent job and thanked her for her efforts and contribution to the agency.

Mr. Lincecum stated that he received a phone call from the consultant of the Calcasieu Parish School Board. The school board was displeased with the proposals they had received from other vendors and requested that he appear before the School Board to answer questions concerning the SEGBP plan. Mr. Temple recommended the consultant of Calcasieu Parish School Board visit with Mr. Lincecum in his office concerning the issue.

OLD BUSINESS

None.

ADJOURN

There being no further business, a motion was made by Mr. Castaing, with a second by Dr. Cicardo, to adjourn. With no opposition, the motion was unanimously adopted.