

Minutes from the Meetings of the Board of Trustees

October 18, 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. Barbara Cicardo
Mr. Russell Culotta
Mr. Charles Lazare
Mr. James Lee
Mr. Hubert Lincecum
Mr. Richard O'Shee *
Representative Tank Powell
Senator Tom Schedler
Mr. John Warner Smith
Mr. Aubrey Temple

Members Absent

Dr. James Calvin
Mr. Charles Castaing
Mr. Robert Greer
Ms. Mary McDaniel
Mr. Kelly Ward

Roll call indicated nine (9) Board Members present, representing a quorum.

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

APPROVAL OF MINUTES OF September 27, 2000 BOARD MEETING

The minutes of September 27, 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 September 27, 2000 Board Meeting. There being no objections, the minutes were unanimously adopted.

LEASE AGREEMENT

The lease agreement was considered under the Internal Audit & Finance Committee Report, below.

CEO Report

Employee of the Month

Mr. Wall advised the Board that no employee of the month would be presented, due to the early date of the October Board meeting, and the election had not been held. Mr. Wall reported that Mr. Thommy Boesch was leaving the Program for employment with Jacobs Engineering. He stated that Mr. Boesch had joined the Program in January 1999 as CIO and had been with the Program through a tremendous change in the Information Systems Division. Mr. Wall thanked Mr. Boesch for his contribution to the Program.

Operations/ACD Telephone Calls, Key Indicators, Fiscal Report, and Legal Report

Mr. Wall delivered the monthly "Where the Money Goes" report. Mr. Wall reported that in the month of September the Program's revenue was approximately \$50 million. The Program paid Magellan \$556,757, C.N.A. - \$2,062,417, Claims - \$23,796,668, Recoveries - \$315,610, HMO - \$9,260,160, Merck-Medco - \$10,431,902, and Cafeteria - \$29,288. Administrative expenses were \$2,031,869. Total expenses were \$47,851,551. Pending claims that were adjudicated were approximately \$21,611,585.

Mr. Lazare stated that he had received complaints from plan members concerning their provider declining patients from the Program. Mr. Wall stated that he was not aware of this and that he would investigate.

CIO REPORT

Mr. Boesch thanked Mr. Wall for his support and challenges while he was employed at SEGBP. He also thanked the staff of the Information Systems Division for their dedication and hard work in the past two years.

Mr. Boesch reported that Scan-Optics was running HCFA forms and UB-92 forms through the system for testing. SEGBP was currently in the process of implementing the new voucher system. The system should be completed by December 1, 2000.

COMMITTEE REPORTS

Internal Audit and Finance Committee

Mr. Lee reported on the October 17, 2000 Internal Audit & Finance Committee meeting. Mr. Lee reported on each recommendation from the Committee meeting and requested that the Board take action on each item.

Lease Agreement

The Committee recommended to the Board to approve the amendment to the Lease Agreement.

A motion was made by Mr. Lee, seconded by Mr. Smith, to approve the amendment to the Lease Agreement. There being no opposition, the motion passed.

Resolution for Hiring Freeze

The Committee recommended to the Board that a resolution be adopted to urge the Division of Administration to exempt SEGBP from the Executive Order MJF 00-35 "Hiring Freeze".

A motion was made by Mr. Lee, seconded by Mr. Lincecum, that a resolution be adopted to urge the Division of Administration to exempt SEGBP from the Executive Order MJF 00-35 "Hiring Freeze".

The following is the result of a roll call vote:

YEAS	NAYS	ABSTAINED
Dr. Broussard	Dr. Cicardo	Mr. Lazare
Mr. Culotta	Rep. Powell	
Mr. Lee	Mr. Smith	
Mr. Lincecum		
Mr. Temple		

With five (5) yeas, three (3) nays, and one (1) abstention, the motion failed.

RFP for Operational Services Study

The Committee recommended to the Board to issue a RFP to evaluate the operation and standards of SEGBP.

A motion was made by Mr. Lee, seconded by Mr. Lincecum, to issue a RFP to evaluate the operation and standards of the SEGBP.

Mr. Wall explained that the purpose would be to have an in-house consultant to evaluate the operations, compare the Program with other health plans, and evaluate the costs of the program.

Following discussion, a roll call vote was taken on this motion:

YEAS	NAYS
Dr. Broussard	Dr. Cicardo
Mr. Lee	Mr. Culotta
Mr. Lincecum	Mr. Lazare
Rep. Powell	
Mr. Smith	
Mr. Temple	

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

Rate Increase Proposal

Mr. Lee stated that Mr. Steve Eschbach, Milliman and Roberts, Inc. reported to the Internal Audit and Finance Committee that the Program would require a 14.65% rate increase effective January 1, 2001 in order to fund the Program through to July 1, 2001. The item was being presented to the Board without any recommendation from the Committee.

Mr. Eschbach report indicated a projection that the Program would have approximately a \$35 million deficit by the end of the fiscal year. In order to recoup that deficit a rate increase was recommended. The report presented several options;

- a rate increase of 14.65% effective January 1, 2001 indicating a 5% medical trend;
- a rate increase of 22.25% effective July 1, 2001 indicating 5% medical trend;
- a rate increase of 17.75% effective January 1, 2001 and .65% effective July 1, 2001 indicating a 9% medical trend and;
- a rate increase of 28.75% effective July 1, 2001 indicating a 9% medical trend.

Mr. O'Shee suggested that the La. Department of Insurance (DOI) Health Actuary should review Mr. Eschbach's report and inform the Board of its finding. Mr. Smith requested that the Board be allowed adequate time to review information before a vote.

A motion was made by Mr. Lincecum, seconded by Rep. Powell, to increase the premium of the plan effective January 1, 2001 by the recommendation of the actuary consultant, based on 5% medical care inflation, by 14.65%.

After further discussion, a substitute motion was made by Dr. Cicardo, seconded by Mr. Smith, to have the Louisiana Department of Insurance Health Actuary meet with Mr. Eschbach, review the report submitted, and report back to the Board.

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

YEAS	NAYS
Dr. Broussard	Mr. Lee
Dr. Cicardo	Mr. Lincecum
Mr. Culotta	Rep. Powell
Mr. Lazare	Mr. Temple
Senator Schedler	
Mr. Smith	

With six (6) yeas and four (4) nays, the motion failed.

Representative Powell left the meeting at 10:00 a.m.

Following is the result of a roll call vote on the original motion:

YEAS

Mr. Lincecum
Mr. Temple

NAYS

Dr. Broussard
Dr. Cicardo
Mr. Culotta
Mr. Lazare
Mr. Lee
Senator Schedler
Mr. Smith

With two (2) yeas and seven (7) nays, the motion failed.

Mr. Wall requested the Board to schedule a meeting in regard to the rate increase as soon as possible.

A motion was made Mr. Lee, seconded by Mr. Culotta, to accept the report of the Internal Audit and Finance Committee as presented. With no objection, the motion was approved, and the report accepted as presented.

Benefits and Rate Making Committee

Mr. Lincecum reported on the October 5, 2000 Benefits and Rate Making Committee meeting. The following items were presented to the Board for approval:

Rate Increase Proposal

The Committee requested that the actuary provide the Internal Audit & Finance Committee the actuarial recommendations for rate increase.

Change of Claim Filing Date

The Committee recommends to the Board to allow 12 months from date of service to file a claim.

Mr. Lincecum explained that presently for any claim incurred in a calendar year the plan member or provider has until June 30th of the following year to file the claim. Mr. Wall recommended allowing a 12-month period from date of service to file a claim.

A motion was made by Mr. Lincecum, seconded by Dr. Cicardo to allow 12 months from date of service to file a claim.

Following is the result of a roll call vote:

YEAS

Dr. Broussard
Dr. Cicardo
Mr. Lazare
Mr. Lee
Mr. Lincecum
Mr. Temple

NAYS

Mr. Culotta
Senator Schedler
Mr. Smith

With seven (7) yeas and three (3) nays, the motion failed.

RU-486

The Committee recommends to the Board to specifically exclude RU-486 from SEGBP's drug formulary.

Mr. Culotta reported that according to newspaper articles physicians have performed non-surgical abortion procedures by utilizing certain drugs such as Misoprostol and Methotrexate. Mr. Culotta requested to omit Misoprostol and Methotrexate from the SEGBP drug formulary when utilized for the purpose of abortions. Mr. Lincecum stated that when a drug obtains FDA approval, it is automatically on SEGBP's drug formulary unless it is specifically excluded.

A motion was made by Mr. Culotta to exclude RU-486 from the SEGBP's drug formulary and also Misoprostol and Methotrexate when they are used in combination for an abortion (not for any other illness). The motion died for a lack of a second.

A motion was made by Mr. Lincecum, seconded by Dr. Broussard, to exclude RU-486 from SEGBP's drug formulary.

The following is the result of a roll call vote:

YEAS

Dr. Broussard
Dr. Cicardo
Mr. Culotta
Mr. Lazare
Mr. Lee
Senator Schedler
Mr. Temple

NAYS

Mr. Lincecum
Mr. Smith

With seven (7) yeas and two (2) nays, the motion failed.

A motion was made by Mr. Lee, seconded by Dr. Cicardo, for acceptance of the Benefits and Rate Making Report. There being no objection, the report was accepted.

OLD BUSINESS

None

NEW BUSINESS

Drug Formulary (RU-486)

Mr. Frank Coliano, Merck-Medco, advised the Board that Merck-Medco waits approximately 6 months before their Pharmacy and Therapeutics Committee decides whether a new FDA approved drug would be placed on the formulary. A new FDA approved drug may be available to plan members, but the plan member would pay a non-preferred copayment. Mr. Benoit explained that RU-486 is a covered drug since it has received FDA approval. Mr. Temple stated that the exclusion of drugs from the formulary would be addressed in the Benefits and Rate Making Committee and the Committee would make recommendations to the Board. Mr. Culotta requested that the issue of RU-486 be on the next Benefits and Rate Making Committee meeting agenda.

Mr. Culotta stated that the Ad Hoc Drug Formulary Committee would also review the drug formulary to determine whether certain drugs are to be removed.

Morbid Obesity

Mr. Culotta stated that the Board passed a motion to allow surgical procedures to correct Morbid Obesity. Mr. Culotta requested additional information from Dr. McKnight on the procedure. Dr. McKnight provided and reviewed a fact sheet on obesity surgery for the Board.

A motion was made by Mr. Culotta that the Board reverse the action that they took to add surgical procedures for Morbid Obesity as a covered benefit. The motion died for a lack of a second.

A motion was made by Mr. Culotta, seconded by Mr. O'Shee, to refer the Morbid Obesity issue to the Benefits and Rate Making Committee.

YEAS

Mr. Culotta
Senator Schedler
Mr. Temple

NAYS

Dr. Broussard
Dr. Cicardo
Mr. Lazare
Mr. Lee
Mr. Lincecum

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

Conflict of Interest

Mr. Culotta expressed concern over the issue that Dr. Charles Herring, Chiropractic consultant for SEGBP, was a member of the Advance Spine Institute, which is a coalition of doctors and medical personnel, and this may be a conflict of interest. Mr. Benoit stated that the contract with SEGBP's providers specifically prevents them from rendering any consultation on claims from providers with which they are

associated. Mr. Temple advised Mr. Culotta that he could file a complaint with the Ethics Commission.

Dr. Herring stated that he only reviewed chiropractic claims for SEGBP and that he would not review claims from any medical practitioners in this group. Should he treat a patient that was insured by SEGBP, he would not review his own work, and that would be the only ethical consideration.

Ascension Parish School Board

Mr. Wall presented a letter from the Ascension Parish School Board that has had life and health benefits with SEGBP for several years. The Ascension Parish School Board voted to withdraw from the life program. The School Board would continue to participate in the health program but not in the life program. A legal opinion was obtained and found that it was not prohibited.

Dr. Broussard questioned whether the School Board would be allowed to enroll in the program again at a later date. Mr. Wall advised that he was unaware of anything in the statute that would prohibit the Ascension Parish School Board from enrolling in the life program.

Sen. Schedler suggested the issue should be reviewed by the appropriate Committee and a recommendation to the Board be made available.

Louisiana State Troopers Association

Mr. Wall presented a letter with a resolution attached from the Louisiana State Troopers Association for the Board to review.

Mr. Lincecum stated that the letter was advocating all state agencies to choose insurance for their agencies.

ProPharma Audit

Mr. Wall advised the Board that he has received a response from ProPharma on the Merck-Medco audit. The ProPharma audit finding would be presented to Merck-Medco. In the event that Merck-Medco does not concur with the findings, legal counsel would be obtained to handle the issue.

ADJOURN

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