

Minutes from the Meetings of the Board of Trustees

September 27, 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. Robert Greer
Mr. Charles Lazare
Mr. James Lee
Mr. Hubert Lincecum
Ms. Mary McDaniel
Mr. Richard O'Shee *
Representative Tank Powell
Senator Tom Schedler
Mr. John Warner Smith
Mr. Aubrey Temple
Mr. Kelly Ward

Members Absent

Dr. James Calvin
Mr. Charles Castaing
Mr. Russell Culotta

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

* Mr. Richard O'Shee arrived after roll call.

APPROVAL OF MINUTES OF AUGUST 30, 2000 BOARD MEETING

The minutes of August 30, 2000 Board meeting were presented for review and approval.

A motion was made by Mr. Lee, seconded by Mr. Greer, to accept the minutes of August 30, 2000 Board Meeting. There being no objection, the minutes were unanimously adopted.

ACTUARIAL RESERVE STUDY

Mr. Wall presented the Actuarial Reserve Study for review, and stated that it had been presented to the Internal Audit and Finance Committee. The study established the on going liability of SEGBP. He stated that Milliman & Robertson, Inc. prepared the report. The results indicated a projected total negative reserve of approximately \$78 million. Mr. Bruce Minor, Fiscal Director, reported that the final unfunded liability total is approximately \$93 million (IBNR included).

CEO Report

Employee of the Month

Mr. Wall introduced Ms. Pat Williams as the September Employee of the Month. Ms. Williams has been employed with SEGBP for 16 years in the Claims Processing Division. She supervises and trains the employees of the hospital unit to correctly process hospital claims, and ensures that the EPO and PPO contracts are interpreted and processed correctly. Mr. Wall thanked Ms. Williams for her efforts and contribution to the agency and presented her with an Employee of the Month plaque.

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

Mr. Wall presented the Operations/ACD Telephone Calls, Key Indicators, Fiscal Report, and Legal Report to the Board for review.

Mr. Wall delivered a handout entitled: Where Does the Money Go? The report was an overview of claims expenses. Mr. Wall reported that in the month of August 2,000, the total revenue was \$58,816,854. Expenses were reported as follow: Magellan - \$555,631; CNA Payments - \$2,114,803; Claims - \$38,547,314; Recoveries (subrogation claims) - (\$349,191); HMO Payments - \$9,151,411; Medco - \$8,460,123; Cafeteria - \$21,916. Total Administrative Expenses - \$2,857,722. Mr. Wall stated there was no utilization management cost for SHPS due to the expiration of the contract. Total Expenses were \$61,359,729. He stated that claims adjudicated in-house were in excess of \$19,008,403. Mr. Wall presented the coverage analysis.

Mr. Wall delivered a draft of the Annual Report to Plan Members, prepared by Sharon Runyan, Communication Director, for review. Mr. Wall stated the publication would be distributed to the plan members in order to share information concerning SEGBP's status, operations, issues the program was facing and how the issues were addressed. Mr. Lee suggested inserting a notation regarding Medicare eligibles in the statement concerning the state paying 75 percent of the retiree's premium. Mr. Wall stated the suggestion would be implemented and that the report should be distributed in the month of October.

Mr. Wall delivered a Provider Services Contract report for July and August 2000. He stated a report would be presented monthly on the status of the provider contract activities. Dr. Cicardo suggested indicating the regions on the report.

Premium Contribution for TRSL Employees

Mr. Wall delivered a letter received from James P. Hadley, representing the Teachers' Retirement System of Louisiana (TRSL), dated September 14, 2000. Mr. Hadley requested approval for TRSL to pay an increase of 75% for the system's employees' health care premium.

A motion was made by Mr. Lincecum, seconded by Dr. Broussard, to allow Teachers' Retirement System to pay an increase of 75% for their employees' health care premium.

Mr. Temple questioned Mr. Wall on his opinion concerning the issue. Mr. Wall stated that he was not opposed to the proposal but suggested an Attorney General's opinion. Mr. Benoit stated that any agency participating in SEGBP seeking to pay other than the minimum required by the statute must have approval of the Board of Trustees.

The following is the result of a roll call vote:

YEAS	NAYS
Dr. Broussard	Rep. Powell
Dr. Cicardo	Senator Schedler
Mr. Greer	Mr. Smith
Mr. Lazare	Mr. Ward
Mr. Lee	Mr. Temple
Mr. Lincecum	
Ms. McDaniel	

With seven (7) yeas, and five (5) nays, the motion failed.

CIO Report

Mr. Boesch reported that the Information System Division is currently assisting with the acquisition for the decision support package (MedStat). Medstat is a relational data base system that provides quick information with regard to trends, cost, and significant drill down capabilities (detail data).

Mr. Boesch reported that the IS Division is continuing the process of recruiting various providers for electronic claims. Mr. Ward questioned the cost savings on the electronic processing. Mr. Boesch stated that the process would result in cost savings, and that he would submit a summary of the cost per claim (receive, sort, scan, key, and process) versus the 35 cents per claim received electronically.

Mr. Boesch stated that there were issues concerning the outsourcing of checks and vouchers. The vendor had agreed to provide a \$5 million dollar performance bond. The PST committee would be reviewing the contract on Friday. Following the approval of the contract, the implementation process for outsourcing checks and vouchers and mailing them in the same envelope would begin. Mr. Boesch stated that the Claims Committee would review variations of the claims voucher and submit recommendations of vouchers that would be appealing. The claims voucher would be presented to the Board for review and approval.

Dr. Cicardo questioned the Consultant Fees summary. Mr. Boesch stated that he would provide the information concerning the consultant fees. Also, Mr. Boesch would provide Dr. Cicardo with the RFP backup documents for ScanOptic and ABF (checks and vouchers).

Mr. Boesch reported that the testing of UB's was currently in progress. Mr. Boesch stated that several providers had submitted variations of the HCFA form. Maps were being created to accept the smaller forms.

COMMITTEE REPORTS

Grievance Committee

Mr. Lincecum reported on the September 20, 2000 Grievance Committee Meeting. The Committee considered three appeals and reviewed 55 decisions of the Administrative Claims Committee. He stated that Magellan presented information concerning an appeal previously considered by the Grievance Committee. Mr. Lincecum reported on a case concerning an EPO plan member utilizing a PPO facility in an emergency situation. The Committee referred the case to the September 26, 2000 Benefits and Rate-Making Committee, and no action was taken.

Representative Powell questioned the re-coding of a diagnosis for a case that was denied. Dr. McKnight stated that the Wellness Benefit was a benefit for a well plan member who received an examination from a physician. During the visit, should a physician find reasons to order a diagnostic test, then that becomes a test for a diagnosis or illness code. He stated that the issue in the case reviewed concerned proper coding.

A motion was made by Mr. Lincecum, seconded by Mr. Lee, to accept the report of the Grievance Committee. There being no objection, the motion was approved.

Benefits and Rate Making Committee

Mr. Greer reported that the Benefits and Rate- Making Committee met on September 26, 2000, and no action was taken. He stated that the next Committee meeting would be held on October 5, 2000 at 9:00 a.m. Also, several meetings would be held prior to the October 18th Board Meeting.

Internal Audit and Finance Committee Meeting

Mr. Lee reported on the Internal Audit and Finance Committee meeting held on September 26, 2000. The Internal Audit Risk Assessment was received for review and would be presented to the Board for approval at the October 18th Board Meeting.

Mr. Lee presented one recommendation from the Committee and requested action be taken by the Board.

The Committee recommends that the Board allow HMOs to implement a \$150.00 deductible for pharmacy benefits, effective January 1, 2000.

Following discussion, a motion was made by Mr. Lee, seconded by Mr. Ward, to allow HMOs to implement a \$150.00 deductible for pharmacy benefits, effective January 1, 2000.

The following is the result of a roll call vote:

YEAS**NAYS**

Dr. Broussard
Dr. Cicardo
Mr. Greer
Mr. Lazare
Mr. Lee
Mr. Lincecum
Ms. McDaniel
Rep. Powell
Senator Schedler
Mr. Smith
Mr. Ward
Mr. Temple

With twelve (12) yeas, and no (0) nays, the motion was approved.

OLD BUSINESS

Mr. Temple questioned the due date for the Actuarial Services RFP and requested definition of the services. Mr. Wall stated that October 6, 2000 was the deadline for the RFPs. He stated the program was requesting the services of an actuary. The RFP utilized in 1998 when Aon was hired was updated to reflect the EPO changes and changes in the IS system. Mr. Temple questioned the cost for the services. Mr. Wall stated that previously Aon was paid \$300,000.00 and noted that Aon had spent substantially more time than anticipated. The services could be approximately \$500,000.00 due to the demands of the program.

Mr. Wall stated that a draft of the resolution was mailed to the Board Members for review. He stated that the resolution would be sent to the Legislature this month.

NEW BUSINESS

Mr. O'Shee reported on complaints received by the Department of Insurance regarding retroactively denied claims. Mr. Wall stated that he was not aware of the problem and would contact Pam Williams, DOI, for more information.

Mr. Temple discussed the action taken in regard to the Teachers' Retirement System of Louisiana. He stated that the Board recognized that the state contribution for its employees was not all it needed to be, but he felt that the right decision was made on the issue. Mr. Temple stated that in order to achieve the ultimate goal the issue needed to be addressed as a statewide problem to the Legislature, and not on an individual basis. Mr. Lincecum stated that he had agreed with Mr. Temple but also felt it would be a good idea because it would encourage some of the other agencies to follow. He stated however, the state had authorized to pay 75% for retirees on Medicare.

ADJOURN

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