Minutes from the Meetings of the Board of Trustees

April 27, 2001

CALL TO ORDER

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

ROLL CALL

Members Present	Members Absent
Dr. Merline Broussard	Mr. Charles Castaing
Dr. James Calvin	Mr. Robert Greer
Dr. Barbara Cicardo	Ms. Mary McDaniel
Mr. Russell Culotta	Mr. Kelly Ward
Mr. Charles Lazare	Mr. John Warner
Mr. James Lee	Smith
Mr. Hubert Lincecum	
Mr. Richard O'Shee*	
Rep. Tank Powell	
Senator Tom Schedler*	
Mr. Aubrey Temple	

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 THE MARCH 28, 2001 MEETING

Mr. Temple stated that the March 28, 2001 meeting minutes would be deferred for approval until the next Board meeting because the Board members had not had time to review them.

A motion was made by Dr. Broussard, seconded by Mr. Lincecum, to defer the approval of the March 28, 2001 meeting minutes until the next Board meeting. There being no opposition, the minutes were deferred.

VANTAGE PREMIUM RATE INCREASE

Mr. Wall delivered a request by Vantage Health Plan for a premium rate increase. Mr. Wall stated that the information submitted by Vantage Health Plan had been reviewed by Mr. Nick Simmons of Arthur Andersen. Mr. Wall recommended that the rate increase requested submitted by Vantage Health Plan be approved as requested.

A motion was made by Mr. Lincecum, seconded by Mr. Lazare, to approve the rate increase request submitted by Vantage Health Plan. There being no opposition and one abstention by Dr. Cicardo, the motion passed.

TRANSFER OF GULF SOUTH HMO CONTRACT TO THE OATH

Mr. Wall stated that Gulf South HMO would cease doing business as of May 1, 2001. This affects the active and retiree members. The Oath has expressed interest in assuming these members. The Program advised the representative of The Oath that an assignment of the contract could be done. Mr. Wall requested that the Board allow the Program to execute an assignment of the Gulf South contract to The Oath.

Mr. O'Shee stated that the assignment documentation is currently at Adams and Reese, Attorneys-at-Law, and they would contact Mr. Wall to execute the assignment.

Mr. Wall stated that some plan members will have to change physicians because The Oath may not have their physician in The Oath provider network. Mr. O'Shee stated that Gulf South and The Oath have an approximate 95% match rate in providers in their networks. There will be approximately 5% of plan members who will need to choose a new physician. Mr. Wall stated that there are no modifications to the contract; it will be an assignment from Gulf South to The Oath.

A motion was made by Mr. Lincecum, seconded by Mr. Lee to authorize the Program to execute an assignment between Gulf South and The Oath. There being no objection, the motion passed.

Mr. Wall stated that retirees that opted into the Gulf South Option 65 plan have been affected by this development. The Board adopted a rule in July 1999 to allow retirees to choose Option 65 programs and switch back to State Group Benefits. After July 1, 1999, plan members could choose an Option 65 plan and dis-enroll from the Program without losing their eligibility to re-enroll in the Program. The language of the rule may not allow the Gulf South Option 65 plans members to enroll in State Group until July 1, 2001, causing a break in coverage from May to July 1, 2001. Mr. Wall stated that the Program should allow those plan members who chose Gulf South Option 65 to enroll in the Program now.

Mr. O'Shee stated that in the federal laws there is a provision that allows for special enrollment situation and it preempts the rules. Mr. O'Shee recommended to recognize this as a special enrollment.

A motion was made by Mr. Culotta, seconded by Mr. Lincecum, to allow Gulf South Option 65 members to re-enroll in the Program under a special enrollment. There being no opposition, the motion passed.

Mr. Lincecum requested allowing all retirees who opted for the Option 65 plans prior to July 1999 to have an opportunity to re-enroll in the Program. There should be a time limit of 30 to 60 days to allow them to enroll. Mr. O'Shee stated that when the Medicare Plus Choice Program began, the federal government expanded it as the new way that health care would be provided to seniors. It started with two or three carriers and grew to seven or eight carriers over a two to three year period.

Companies believed that it was the new way of converting all of Medicare to Managed Care. The balanced budget act caused rates to be cut, and the lack of federal funding support has caused companies to not participate. There are only three Medicare Plus Choice Programs currently operating in the State. Two of the three companies are not sure if they will continue to participate in the future.

Mr. Lazare suggested allowing the retirees who chose to re-enroll in the Program from the Option 65 plans to buy back into the Program similar to the Retirement System.

Mr. Temple requested that Mr. Wall present this issue to the Benefit Committee and allow them to make a recommendation to the Board.

ASO CONTRACT FOR SELF-INSURED HMO IN ALEXANDRIA, LAFAYETTE, AND HOUMA/THIBODAUX

Mr. Wall stated that the Program is attempting to provide an HMO offering for the Alexandria, Lafayette, and Houma/Thibodaux areas. Mr. Wall explained that under an ASO (Administrative Services Only) arrangement, the HMO would administer the plan, but the Program would pay the underlying claims. He stated that other states are offering this, and that there are advantages to an ASO. It is a direction that the Program could move to in the future. The ASO administers their networks with their discounts, and the Program pay the claims cost and administrative fees. By doing that, it allows the Program to keep all of its population pool, and there are no adverse selection problems. Mr. Wall stated that these areas were chosen because they do not currently have an HMO product available, and this would allow the Program to test this ASO/HMO product before it would possibly be offered statewide. He stated that originally a request was sent out to all HMOs in the State and Gulf South Health Plan was the only timely response that the Program received. Mr. Wall stated since Gulf South Health Plan will no longer be in business, that AmCare has offered to provide the ASO service in the Alexandria, Lafayette, and Houma/Thibodaux, and the Program is in the process of negotiating a contract with AmCare.

Mr. Wall stated that Mr. Nick Simmons of Arthur Andersen has reviewed the AmCare rates and was instructed that the rates should be revenue neutral. Dr. Broussard requested that language be put in the contract with AmCare that it will not cost the Program. Mr. Wall stated that the HMO is not taking any risk. He stated that AmCare will adjudicate the claims in accordance with their HMO benefits and network contracted rates and then bill SEGBP. Mr. Wall stated that AmCare would only receive an administrative fee.

Dr. Cicardo questioned if the AmCare network was the same as the The Oath network. Mr. Wall stated that it was not the same network. Mr. Wall stated that there are approximately 200 plan members in the Baton Rouge region enrolled in Gulf South HMO. They will transfer to The Oath.

A motion was made by Mr. Lincecum, seconded by Mr. Lee, to authorize SEGBP staff to negotiate a contract with AmCare for ASO/HMO services. There being no opposition, the motion passed.

CEO REPORT

Employee of the Month

The presentation for employee of the month was not presented.

Provider Contract Status Report/Operations - ACD Telephone Calls/Key Indicators - Where Does the Money Go?/Legal Report

The Provider Contract Status Report was presented for review.

Mr. Wall stated that the Program received an additional $76 million in funding from the legislature. $35 million will be re-paid to the State Treasury for the advances in funds received by the Program.

Mr. Wall presented the report "Where Does the Money Go?" an overview of claims expenses. He reported on the Schedule for Revenues and Expenses for March 2001. Total Revenues - $59,227,105; total expenses - $67,055,842; and pended claims at March 31, 2001 - $16,871,860. The coverage analysis report indicates the breakdown of expenses for medical claims.

Rep. Powell asked about the monthly cost of the Merck-Medco invoices. Mr. Wall stated that the invoices have been lower in recent months, but the lower invoices can be attributed to the elimination of the 100-unit benefit, effective October 1, 2001. Mr. Wall stated that even with the changes in the prescription drug benefits that the Program will incur an approximate 15% increase in drug cost this year. That is approximately $1.2 million more a month.

The Operations - ACD Telephone Calls Report, Key Indicators Report and the Legal Report were presented for review.

COMMITTEE REPORTS

Grievance Committee

Mr. Lincecum reported on the April 5, 2001 Grievance Committee meeting. The Committee acted on six plan member appeals, an appeal from the Department of Social Services/Office of Community Services, a presentation by an interested plan member, and 34 decisions of the Administrative Claim Committee.

A motion was made by Mr. Lincecum, seconded by Mr. Lee, for acceptance of the report of the April 5, 2001 Grievance Committee meeting. There being no objection, the report was accepted as presented.

OLD BUSINESS

Dr. Cicardo asked about the publishing of Magellan's grievance procedures. Mr. Wall stated that he met with a representative from Magellan. He stated that Magellan will start posting their appeal procedures and they will be accessible through SEGBP's website and mailed to any plan member upon request.

Dr. Cicardo asked about the vesting schedule for retirement health benefits. Does it have to be consecutive or cumulative years? Mr. Wall stated that it would be cumulative years. Rep. Powell stated that this would not affect anyone currently in the Program, only those employees who enroll after January 1, 2002. Mr. Lincecum explained the vesting schedule that the Study Commission developed. Dr. Cicardo ask how many employees have enrolled just prior to their retirement. Mr. Wall stated that currently 1,500 retirees, of 30,000 retirees, had fewer than three years with the Program prior to their retirement.

Mr. Lincecum stated that Merck Medco was instructed in August 2000 by the Ad Hoc Drug Formulary committee to unbundle diabetic medication so that there would be a co-pay for each oral medication purchased by a plan member. Mr. Lincecum stated that last month he discovered that Merck-Medco had not implemented this change in their system. He contacted Mr. Michael Johnson and Mr. Frank Coliano with Merck-Medco and was informed that there was an error and they would investigate and report back to him. Mr. Wall stated that the Program is contracting with an accounting firm to audit the issue.

Mr. Lincecum stated that he is concerned in regard to the audit that ProPharma is conducting on Merck-Medco. Mr. Lincecum stated that the audit indicated that Merck-Medco overcharged the Program approximately $15.2 million. Mr. Benoit stated that the Program has contracted with outside counsel to handle this matter.

Mr. Lee requested the contracting status of Our Lady of the Lake and Woman's Hospitals. Mr. Wall stated that currently there is no contact with these facilities.

Senator Schedler asked if East Jefferson would be contracting with the Program. Mr. Wall stated that the contract ends with East Jefferson Hospital on May 1, 2001.

Mr. Culotta stated that a comprehensive presentation was given at the State and Local Government Benefits Association (SALGBA) conference held in Kansas City, Kansas on the HIPAA requirements. He asked what the Program was doing to meet the requirements of the HIPAA guidelines. Mr. Wall stated that the Program will issue an RFP next month for a consultanting firm to provide a program for SEGBP to follow through the compliance process. Mr. Lincecum stated that the Program has a HIPAA committee that meets weekly. Mr. O'Shee stated that the Louisiana Department of Insurance jointly supported a conference with the U.S. Department of Labor and discussions were conducted in regard to changes being made to the Administrative Simplification procedures. As the changes are made, the effective date is changing; it is at least two years away. The federal government is looking for a good faith effort that companies are complying. This process should take 5 to 10 years to implement.

NEW BUSINESS

Mr. Lee stated that he attended the SALGBA in Kansas City, Kansas. He stated that there was educational information provided on benefits nationwide. Mr. Fred Curtis, a certified expert on pharmacy benefits, gave a presentation. He provided several ideas that would be beneficial to the Board of Trustees and plan members. He stated he would like to present the presentation at the next Benefits Committee meeting.

ADJOURN

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