

Minutes from the Meetings of the Board of Trustees

May 23, 2001

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
Dr. Barbara Cicardo
Mr. Charles Lazare
Mr. James Lee
Mr. Hubert Lincecum
Mr. Richard O'Shee*
Mr. John Warner Smith
Mr. Kelly Ward
Mr. Aubrey Temple

Members Absent

Mr. Russell Culotta
Mr. Robert Greer
Ms. Mary McDaniel
Rep. Tank Powell
Senator Tom Schedler

Roll call indicated ten (10) Board Members present, representing a quorum.

*Mr. O'Shee arrived after roll call.

APPROVAL OF MINUTES OF THE MARCH 28, 2001 AND APRIL 27, 2001 MEETINGS

The minutes of March 28, 2001 and April 27, 2001 were presented for review and approval.

A motion was made by Mr. Lincecum, seconded by Mr. Lee, to accept the minutes of the March 28, 2001 and April 27, 2001 meetings. There being no objections, the minutes were approved.

Mr. Wall introduced Ms. Jennifer Lefleur, the new staff actuary. She is a Louisiana native, with a mathematics degree from the University of New Orleans. She has been employed with the Health Division of Pan American Life Insurance Co. and, most recently with Blue Cross/Blue Shield of Florida. She is an associate actuary, and is two tests from becoming a Fellow of the American Society of Actuaries.

CEO REPORT

Employee of the Month

Mr. Wall introduced Ms. June Taylor, April 2001, Employee of the Month. Ms. Taylor has been employed with the SEGBP for more than 7 years and is a Contract Coordinator in Plan/Contract Administration Division of the agency. Mr. Wall presented Ms. Taylor with the 2001 March Employee of the Month plaque and thanked her for her efforts and contribution to the agency.

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 has completed the provider networks. The Program currently does not have contracts with Our Lady of the Lake, Woman's and East Jefferson General Hospitals. Staff is currently communicating with Our Lady of the Lake and the Woman's Hospital.

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 April 2001. Total Revenues - \$116,847,266, include the special appropriation of approximately \$76 million that the Program received; total expenses - \$49,647,716; and pended claims at April 30, 2001 - \$22,483,561. The coverage analysis report indicates the breakdown of expenses for medical claims.

Mr. Wall reported 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. The Program's claims count (approximately 40,000) is the lowest it has been in the past several years.

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

COMMITTEE REPORTS

Benefits and Rate Making Committee

Mr. Lincecum reported on the May, 22, 2001, Benefits and Rate Making Committee meeting. Items discussed were the Option 65 plans and the HIPAA Special Enrollment Guidelines. There were no recommendations for the Board or actions taken on these items. Mr. Lee presented a summary of the presentation on Drug Benefits and Case Management that he attended at the SALGBA (State and Local Government Benefit Associations) conference held last month.

A motion was made by Mr. Ward, seconded by Mr. Lee, for acceptance of the report of the May 22, 2001, Benefits and Rate Making Committee meeting. There being no objection, the report was accepted as presented.

OLD BUSINESS

National Participating Provider Network

Mr. Wall stated that the Program would be canceling the NPPN contract.

2001 Legislature Session

Mr. Ward requested an update on the legislative issues being considered in the 2001 Legislature Session. Mr. Wall reported that House Bill 1492 was currently in Conference Committee. The Senate added an amendment which requires that the Program submit its rates to the Insurance Rating Commission.

Dr. Cicardo requested if the definition of a civil service employee has been defined by the legislature. Mr. Wall stated that he is unaware of any legislation that addresses this issue.

Provider Information

Mr. Ward asked how plan members could access the most updated list of providers in the Program's network. Mr. Wall advised that plan members could access the website, which includes the current providers and a video presentation on annual enrollment. Plan members can e-mail questions to the Program and the staff will respond to them. Mr. Wall stated that the website has a new icon that allows plan members to add their e-mail address and the program will periodically e-mail information regarding the Program.

50-50 Co-insurance Drug Benefit

Dr. Calvin stated that the 50-50 co-insurance drug benefit for plan year 2001-2002 needed to be re-evaluated. Mr. Wall stated that the Division of Administration (DOA) is aware of the drug benefit modification, and is investigating other sources of funding in order offset this benefit modification. Mr. Wall stated that implementing a \$1,200 cap on out-of-pocket drug expenditures per member, per year would cost approximately \$29 million.

Mr. Wall stated that the Program could mail out information to providers advising them of the drug benefit changes so that when they prescribe medication they are aware of the impact it would have on plan members.

Dr. Cicardo and **Dr. Calvin** expressed concern that some plan members will not purchase needed medication when the 50-50% co-insurance drug benefit takes affect July 1, 2001, because they can not afford it. Dr. Calvin stated that all the major drug companies have Indigence Programs in which individuals can apply for assistance. Mr. Temple requested that plan members be advised of the Indigence Programs offered by the drug companies.

Mr. Ward requested that the staff provide the Board with information that would indicate per member cost usage so that possible caps could be designed to benefit the plan members. Mr. Simmons stated that approximately 25,000 plan members had over \$2,000 of total expenditures including co-payments.

Wellness Program

Mr. O'Shee stated that the Department of Insurance received flyers from a company advertising a no cost wellness program that was associated with SEGBP. Mr. Wall stated that providers are prohibited from using SEGBP name in advertisements without the permission of the Program. Mr. Wall stated that the staff would investigate and advise the company of any violations.

Group Benefits Policy and Planning Board

Dr. Cicardo requested examples of the policy-making issues that the Board of Trustees will address in the future as the Group Benefits Policy and Planning Board.

Life Insurance

Dr. Cicardo stated that the life insurance policy conversion rates are extremely high after the age of 70. Mr. O'Shee explained that the conversion only occurs when an employee leaves employment. If an employee retire he is not subject to conversion rates.

Medical Inflation Rate

Dr. Cicardo requested the medical inflation rate for the Program. Mr. Simmons advised that it was approximately 13.5%.

Retirees

Dr. Broussard requested information on the number of retirees who have opted out of the Program. She requested the approximate cost per retiree to the Program. Mr. Wall stated that the staff is working to provide this information and it would be mailed to her.

Mr. Lincecum stated that currently retirees with Medicare as their primary coverage are subject to a \$50 per day deductible for hospital stays. Mr. Lincecum suggested that this should be removed.

A motion was made by Dr. Broussard to remove the \$50 per day payment for hospital stays for retirees on Medicare. Mr. Lincecum stated that he is in agreement but would like to have the actuary provide an approximate cost involved and the Benefits Committee review this issue and provide a recommendation to the Board. Dr. Broussard withdrew her motion and agreed to have this matter referred to the Benefits Committee.

NEW BUSINESS

Mr. Lincecum reported that Ms. McDaniel submitted her resignation from the Board of Trustees.

A motion was made by Mr. Lincecum, seconded by Mr. Lee to fill the remaining term of Ms. McDaniel by appointing Mr. Jackie Self from the Vernon Parish School System. There being no opposition the motion unanimously passed.

Mr. Ward requested that a letter of appreciation be sent to Ms. McDaniel to thank her for her service on the Board of Trustees.

A motion was made by Mr. Ward, seconded by Mr. Lee, authorizing Mr. Wall to draft a proclamation thanking Ms. McDaniel for her service and efforts. There being no opposition the motion unanimously passed.

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.