

Minutes from the Meetings of the Board of Trustees

October 27, 1999

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. Richard Miles

Dr. James Calvin

Mr. Charles Castaing

Dr. Barbara Cicardo

Mr. Russell Culotta

Mr. Robert Greer

Mr. James Lee

Mr. Hubert Lincecum

Rep. Chuck McMains

*

Mr. Richard O'Shee

Senator Tom

Schedler

Mr. John Warner

Smith

Mr. Aubrey Temple

Mr. Kelly Ward

Roll call indicated thirteen (13) Board Members present, representing a quorum.

* Representative Chuck McMains arrived after roll call.

APPROVAL OF MINUTES OF SEPTEMBER 29, 1999 MEETING

The minutes of September 29, 1999 meeting were presented for review and approval.

A motion was made by Mr. Lincecum, with a second by Mr. Greer, to accept the minutes of the September 29, 1999 Board Meeting. There being no objections, the minutes were approved.

CEO/COO REPORT

Employee of the Month

Mr. Wall introduced to the Board the October Employee of the Month, Mr. Dewey Callegan. Mr. Callegan is an employee of the Fiscal Division. He is an Accountant Supervisor 2 and his section is responsible for the tracking of premiums receivable from the agencies, COBRA, and surviving spouse plan members. His section also

tracks the receivables due from plan members and providers for claims overpayments. Mr. Callegan has been employed with SEGBP for 19 years and has worked in state government for over 30 years. Mr. Wall presented Mr. Callegan with an Employee of the Month plaque and stated that his co-workers recognized him because of his outstanding performance.

PPO Comparison Report

Mr. Wall stated that the PPO Comparison Report would be discussed during the Benefits and Rate Making Committee report. Mr. Wall stated that when a physician signed up as a PPO he is not asked in detail of his availability. Some physicians do not accept new patients, but if they choose to join the PPO they are signed up. The Board must make a determination concerning the areas of the state that do not have extensive provider panels. He stated that information would be presented at the next Internal Audit/Finance Committee meeting which needs to be held as soon as possible in order for the Board to establish rates for the program and for HMOs, including pricing differentials by region. He stated that Mr. Lee attempted to schedule a meeting and was unable due to a lack of a quorum. Mr. Temple stated that a special Board Meeting would need to be scheduled to accomplish guidelines for the program.

Operation, Financial, and Legal Reports

Mr. Wall reported that the Daily Claims Inventory report indicated that the total claims count was 134,417. He stated that with the exception of a few problem claims, the program was in a 30 day window due to the hard work and a lot of overtime from the employees in the Claims Processing section. Mr. Smith questioned the difference between the Claim Processing and CASSS area. Mr. Wall explained that CASSS was the intake of claims and Claims Processing was the output of claims.

Mr. Minor, Fiscal Director, reported that since the start of the fiscal year, there had been a problem receiving the balance report from the ISIS system. Corrections were made to the system and a statement was provided, but the statement was not balanced. He stated that staff was assisting the system team of DOA in correcting the problem. There are problems concerning the separation of prior year activity into current year activity. He stated that the ISIS system was an integrated statewide accounting system utilized by all executive branch government agencies in which financial data was entered into the system and a report was provided of the agency's balance sheet, income statements, and expenses. The SEGBP utilizes this report to prepare the internal financial report. Mr. Temple questioned if it was a statewide problem. Mr. Minor stated that it was a problem for the ancillary agencies and not the general funded agencies. Mr. Minor reported that staff was maintaining the cash projection statements and that the agency's activity through September 30, 1999 was at the break-even point for the first three months of the fiscal year. Mr. Castaing expressed his concern of the problem and asked staff to emphasize getting the problem corrected.

Mr. Wall stated that there was an extensive discussion of litigation involving the Program at the September Board meeting and that there were no significant changes in the Legal Report. The Legal Report was presented to the Board for review.

ACD Telephone Calls

Mr. Lincecum reported the Customer Service section was allowed to hire new employees to answer the telephones. He stated that it would take eight to ten weeks to train new employees, but once they are trained, with 29 agents on ACD phones, the answer delay should be maintained at approximately one and a half minutes. The answer delay is currently four minutes and 55 seconds. Mr. Lincecum stated that the IS department had arranged for a possible contract with a company named Verifax. Verifax's equipment would allow providers to dial in to our system to get claim status and verification of eligibility by the keypad of their phone and the information would be faxed back to the provider. He stated that the technology would decrease provider phone calls tremendously.

Mr. Wall reported that a meeting was held with the internet web site maintenance provider to modify SEGBP's web site in order to submit inquiries via the web. He stated that the Program was also researching the possibility of updating the web site with search capabilities to answer questions without human intervention.

November/December Board Meeting

Mr. Wall suggested a Board meeting be held within the next two weeks to finalize the benefits plan, rates, and the HMO structure, in order to be prepared for annual enrollment. Mr. Temple stated that the item would be deferred until the report of the Benefits and Rate Making Committee.

CIO REPORT

Mr. Boesch reported that the contract negotiation with the imaging vendor had currently ceased. He stated that there was a mandatory installation date of 11/30/99, and due to delay in contract review and finalization, it became impossible to reach the deadline. In a meeting held with State Purchasing it was agreed to re-issue the RFP.

Mr. Boesch reported that the contract with Envoy (electronic claims vendor), was currently being reviewed by SEGBP's Legal Department and the Office of State Purchasing's Legal Department. He stated that the terms were reported acceptable and he anticipated State Purchasing finalizing the contract within the next week or two. Mr. Wall stated that the contract would allow SEGBP to receive claims electronically and should increase the processing and accuracy of the claims paid in the Claims Processing Department.

COMMITTEE REPORTS

Benefits and Rate Making Committee

Maintenance Medications

Mr. Myer stated that Mr. Louis Duplechain, a retiree from Opelousas, had the opportunity to speak to the Committee concerning his maintenance medications. Mr. Myer suggested Mr. Duplechain meet with representatives from Merck Medco. Ms. Sue Hoomaian, Representative for Merck Medco reported to the Committee that she

presented Mr. Duplechain with a list of SEGBP's maintenance medication and explained the services. Mr. Myer requested for Ms. Hoomaian to provide a list of the maintenance medications to the Committee members.

Plan of Benefits for FY 2000-01

Mr. Wall stated that state employees do not want to see any reduction in benefits, but that the Board would face a possible rate increase of 11.8 percent. Mr. Blunk, Aon Consultant, reported that an 11.8 percent rate increase would be needed to maintain the \$10 million IBNR reserve.

Mr. Lincecum moved to accept the recommendation from Aon and proposed an 11.8 percent rate increase with no reduction in benefits. The motion died for lack of a second.

Mr. Wall recommended retaining the current plan of benefits with the exception of pharmaceutical benefits. He recommended investigating a three-tier co-pay system. Mr. Myer recommended the Board go out on bid for a new pharmaceutical representative.

A motion was made by Mr. Lincecum, seconded by Mr. Greer, to leave the current benefits intact, except for drug benefits, have Aon submit the cost of a three-tier co-pay system for prescription drugs for discussion at the next Benefits Committee meeting, and address a rate increase at a separate time. Mr. Myer stated that the rate increase should be discussed since the Board would need to let the Legislature know the amount of the rate increase as soon as possible. Dr. Cicardo offered an amendment to split the motion. The motion died for lack of a second. Mr. Myer called for a vote on the original motion. With four yeas and two nays, the motion passed.

Mr. O'Shee advised that the industry was now looking at a fourth tier on pharmacy. A motion was made by Mr. Myer, seconded by Dr. Broussard, to explore all avenues available to reduce the cost of the pharmacy program. With no objection, the motion unanimously passed.

Dr. McKnight reported that a druggist could not automatically change the drug that was written on a prescription unless it specified for a generic substitution to be allowed or the physician was contacted for approval. Dr. McKnight recommended that the Board include the issue in the next legislative package.

Consideration of Payments Made To Out-of-State Providers National PPO

A motion was made by Dr. Cicardo, seconded by Dr. Broussard, to survey southeastern states, including Maryland and the District of Columbia, to review what fee schedules were utilized and the rate of compensation. Dr. Cicardo moved to amend her motion to include looking at state level PPOs in the survey of southeastern states. The motion was seconded by Dr. Broussard. With no objection, the motion unanimously passed.

Ochsner Health Plan Remittances for FY 1999

A motion was made by Mr. O'Shee, seconded by Mr. Myer, to recommend that the Board implement an Emergency Rule for a penalty of one percent on the unpaid

balance to be phased in on those agencies that do not pay on a timely basis. Additionally, if an agency doesn't pay the premiums in 30 days, the Program would give formal notice to the agency that it is subject to having coverage cancelled for non-payment of premiums. With no objection, the motion unanimously passed.

Dr. Broussard requested staff to research guidelines for allowing agencies to re-enter the Program if they were cancelled for non-payment of premiums.

A motion was made by Mr. Myer, seconded by Mr. Lincecum, that any agency late in submitting payment to SEGBP be assessed a one percent late fee after being properly invoiced and notified of the 30 day due date. The one percent penalty is to be compounded monthly. There being no objection, the motion was approved.

Consideration of Meeting Only One Deductible For Certain Illnesses

Mr. Myer reported that the Committee did not discuss the item and it was deferred until Mr. Culotta was in attendance at the Committee meeting.

Catastrophic Illness Policy

Mr. Myer reported that Mr. Wall requested Aon to prepare parameters for a Catastrophic Illness Policy. He advised that there were a number of state employees who did not have insurance coverage. The purpose of the catastrophic health insurance initiative would be to bring health insurance coverage to those plan members who could not afford a better policy.

A motion was made by Mr. Greer, seconded by Dr. Cicardo, that the Board appoint a task force to review the issue of offering a catastrophic illness policy as an option to State Employees. The motion unanimously passed.

Non-Contracting Emergency Room Physician Benefits

Mr. Blunk stated that he was informed that physicians in the Emergency Room of a hospital in Baton Rouge had not contracted with the EPO. He advised that when they file for the physician component of the ER care it's covered at 50 percent. He stated that the financial impact of paying at 80 percent would be between \$18 and \$74 thousand per year for the one hospital. Mr. Myer advised that Mr. Blunk was referring to Our Lady of the Lake Hospital, and indicated there were a number of other hospitals whose ER physicians don't participate under their contracts. Mr. Benoit advised that there was a provision in every hospital contract that stated if all of a hospital's ancillary service providers do not participate, it's grounds for canceling the contract. He stated it was a question of whether the Program wanted to eliminate that hospital from the network. Mr. Myer stated that the matter should be deferred until further information could be obtained relative to what actually was taken place in the various hospitals. Dr. Cicardo suggested that staff take the major metropolitan areas and choose a couple of hospitals and review the situations in the Emergency Rooms.

Review of Wellness Program Reimbursement

Mr. Myer stated that Mr. Wall had advised the Committee that language in the Plan Document of Benefits needed to be changed to require wellness exams, lab work, the physician performing the examination, x-rays, etc. He stated that plan members who go to a physician for a wellness exam may be referred to a clinic, lab, or hospital if the physician doesn't have the in-house services which means the Program then receives two separate billings.

A motion was made by Dr. Cicardo, second by Dr. Broussard, to change the Plan Document of Benefits to state that the Program would accept wellness billings by any physician, hospital, or clinic based upon a physician's referral, within the PPO or EPO. The attending physician would submit a billing and if the Plan Member was referred to a network lab, clinic, or hospital, the Program would accept that facility's billing as part of the Wellness Program. With no objection, the motion unanimously passed.

Ms. Juneau stated that she needed to know the effective date since she would have to enter benefit changes in the system. She indicated that she recommended January 1, 2000, since there would be minimal interruption to claims. Dr. Broussard stated she felt it should be made retroactive since it was never the Board's intent to deny benefits for wellness billings submitted by a network physician, hospital, or clinic.

A motion was made by Mr. Lincecum, seconded by Dr. Broussard, to retroactively pay benefits for wellness billings by any physician, hospital, or clinic, based upon a physician's referral, within the PPO or EPO network. Mr. Myer objected to the motion.

A motion was made by Mr. O'Shee, seconded by Dr. Cicardo, to have Board Counsel review the Plan Document and determine whether the Board could interpret the provision or whether a regulation change was necessary to address the problem. With no objection, the motion unanimously passed.

Mr. Myer suggested the original motion be amended to change the Plan Document, effective January 1, 2000, to reflect that wellness charges would be covered even if plan members are referred to an outsource clinic within the EPO or PPO networks. With no objection, the motion unanimously passed. Mr. Temple requested that the matter be recommended to the full Board at the next Board meeting.

Mr. Lincecum stated that he did not make the motion to have it retroactive to pay the benefits. It was his understanding that Mr. Benoit was to review and determine if by rule or action of the Board to change the language in the Plan Document.

Mr. Benoit stated that Well Adult Care was defined in both the EPO and PPO plan documents to include, in addition to a physical exam, lab work performed as a part of the exam in the physician's office and billed by that physician with wellness procedures and diagnosis codes. All other health services coded with wellness procedures and diagnosis codes are excluded. He stated that the Board does have the authority to interpret its own rules. Mr. Benoit stated that there was a question whether or not the provision promulgated reflects the Board's intent. The intent was to be determined from the language of the provision itself. He stated that the Board adopted the plan document at its March 24, 1999 meeting during the report of the Benefits and Rate Making Committee meeting from March 11, 1999. It was noted in the Benefits and Rate Making Committee minutes that Dr. Walker (with regard to

this particular benefit) advised that if a plan member goes to his or her physician and the physician bills the plan for a lab test as part of the visit the plan would cover it. If the physician referred the plan member to a lab the bill was not covered. Mr. Benoit stated that he could not find any room in the language of the plan to interpret the meaning other than what it stated. Mr. Benoit suggested implementing a change to the plan by emergency rule to be put into effect November 1, 1999 rather than waiting until January 2000.

A motion was made by Mr. Myer, seconded by Mr. Lincecum, to amend the original motion of the Benefits and Rate Making Committee to change the Plan Document, effective January 1, 2000, to reflect that wellness charges will be covered even if plan members are referred to an outsource clinic within the EPO or PPO networks.

A substitute motion was made by Mr. Lincecum, seconded by Dr. Cicardo, to the proposal of the Benefits and Rate Making Committee to change the Plan Document, effective November 1, 1999 as an emergency rule, to reflect that wellness charges be covered even if plan members are referred to an outsource clinic with the EPO or PPO networks.

Mr. Wall requested the motion to state that the changes be done at the earliest possible date due to the re-programming of the system and for administrative purposes. Mr. Lincecum withdrew his substitute motion and Dr. Cicardo withdrew her second.

A motion was made by Mr. Lincecum, seconded by Mr. Culotta, to allow staff to implement the change of the Plan Document at the earliest date possible, no later than January 1, 2000 as an emergency rule, to reflect that wellness charges be covered even if plan members are referred to an outsource clinic with the EPO or PPO networks. There being no objections, the motion was approved.

Vision Discount Proposal

Mr. Myer reported that Mr. Joiner, representative of North American Vision Alliance, presented a proposal for a discount vision plan. Mr. Myer advised Mr. Joiner that the Committee would take the proposal under advisement.

Mr. Temple stated that the DOA was looking into all Section 125 implementations and SEGBP should coordinate with the Division of Administration and with any future plans the Division should have in conjunction with SEGBP. Mr. Myer stated that he would like to see any plan that is presented have a statewide network in place. He stated that North American Vision Alliance did not have a statewide network.

Old Business

Mr. Myer reported that Mr. O'Shee stated it would be interesting to have Executive Counsel look at the issue, to the extent that the Program is going to start looking at adding on free endorsement benefits in the same manner as AARP and other widely recognized entities, that staff might want to look at the concept of receiving royalty payments that would increase the cash income of the Program.

Mr. Wall reported that two types of dental proposals were presented at the September meeting of the Benefits Committee: 1) a discount fee, and 2) a fully

insured product. He advised Mr. Stan Hurder, Attorney, prepare a dental/vision plan SFO to go out on an RFP. Mr. Wall stated that the Board needed to decide whether or not they want to go with a discount plan, a fully insured product, or both, and go out with an RFP for both and then judge them.

Following a brief discussion, a motion was made by Mr. Myer, seconded by Dr. Cicardo, to review both discount and fully insured dental and to allow staff to move forward at their discretion. Mr. Castaing pointed out that there was a \$50 million dollar deficit through June 30th and the Board should proceed with caution. Mr. Myer stated there would be no cost to the Program. Mr. Wall stated that a dental program would cost the plan members \$20-\$30 dollars in premium which would be voluntary. There being no objection, one abstention (Mr. Castaing), the motion was approved.

New Business

Mr. Myer advised it was his last meeting as Chairman of the Benefits and Rate Making Committee. He stated that he had accepted new employment with U.S. Senator John Breau. He thanked Committee members and indicated he had enjoyed serving as Chairman. He also thanked staff and indicated that he had enjoyed working with everyone.

Dr. Cicardo stated she wanted to offer a Resolution in appreciation for Mr. Myer's work on the Committee.

A motion was made by Mr. Lincecum, seconded by Mr. O'Shee, that the Committee recommend to the Board that Mr. Myer be commended for his service on the Board and as Chairman of the Benefits and Rate Making Committee. With no objection, the motion unanimously passed.

Mr. Lincecum stated that the matter of filling Mr. Myer's position should be placed on the Board Agenda. Mr. Benoit advised that the Board could appoint someone to fill the position until such time as an election that would be held next Spring. The special election for Mr. Myer's position could be held in conjunction with the regular election for the other positions.

There being no further business to discuss, the meeting adjourned.

A motion was made by Mr. Myer, seconded by Mr. Lincecum, to accept the Benefits and Rate Making Committee report as presented, including all recommended actions. Dr. Cicardo stated that a correction was needed on page 3 of the report. She stated that she offered an amendment to split the motion: 1) leave the benefits structure alone for next year, and 2) consider a three-tier co-pay system for prescription drugs. She stated her motion was to separately consider a three-tier co-pay system for prescription drugs. There being no objections, the motion to accept the report with the amendment was approved.

NEW BUSINESS

Dr. Cicardo questioned whether it was established last year that the EPO contracts be renewed or can they go out on bid. Mr. Wall stated that the Legal Counsel has reviewed the EPO contracts and felt that it was permissible to extend the contracts for one year. He stated that this item would be on the Internal Audit/Finance

Committee agenda and then brought before the full Board.

Dr. Cicardo questioned whether legally she could 1) attend public hearings at a governmental agency and 2) use own opinion to interpret the plan as she understood it. Mr. Benoit stated that the open meetings law implied to public bodies.

Mr. Temple questioned Mr. Benoit on the replacement procedure for the Secretary to the Board's position. Mr. Benoit stated that since there are more than two years remaining in the term, the Board would be required to have a special election to fill the unexpired portion of the term. He stated that the procedure set forth in Legislation and according to what has been done in the past, the Board could allow an interim appointment to fill the vacancy until a special election could be held. Mr. Benoit stated that special elections were usually held in conjunction with the regular elections for other seats on the Board. The next election was scheduled to be in the Spring of 2000 for those seats that were initially two year term when the Board took office in 1998. The appointee in the special election would hold the seat until election. Mr. Temple stated that at the next Board meeting it would be appropriate to name the person who would be interim of that position.

Mr. Myer announced that he had accepted new employment which takes him out of the scope of the Department of Social Services and the Department of Health and Hospital. He stated that he would be working with Senator John Breaux. Mr. Myer stated that his experience on the Board had been rewarding and he thanked the Board and staff.

Old Business

Mr. Temple stated the reading of the Benefits and Rate Making Committee report was important and the Board should be concerned because it was the heart of the program. He stated that the program was faced with a \$50 million dollar deficit and there was a possibility of an 11.8 % rate increase. He stated that health care was in a crisis in Louisiana and in the nation. Mr. Temple stressed the importance of how health care was addressed. He stated that when a member could not attend a Committee meeting the member should inform the chairman in order to allow arrangement for someone else to attend.

A motion was made by Mr. Myer, seconded by Mr. Culotta, for the officers of the Board to be allowed to serve as a quorum for a special or regular scheduled Committee session. There being no objection, the motion was unanimously approved.

Dr. Cicardo stated for the record that bylaws be provided to the Board no later than the January Board meeting. She stated that in response to inquiry, national insurance companies produced information that they would not issue any Errors and Omission Professional Liability policies without bylaws for the Agency.

Mr. Temple presented a plaque to Mr. Myer and commended him for his outstanding performance in serving on the Board and Committees. He stated that Mr. Myer had worked numerous hours on behalf of the retirees, state employees, and the Board of Trustees. Mr. Myer was greatly appreciated for all his efforts.

Mr. Temple stated that the next Board meeting would be held on November 12, 1999 at 9:00 a.m.

Mr. Lee stated that the Internal Audit/Finance Committee was tentatively scheduled for November 1, 1999 at 2:00 p.m.

Mr. Wall delivered a draft letter to be mailed out to the Thibodaux area concerning the comments SEGBP was receiving regarding the provider panel. The purpose of the letter was to explain the situation. He stated that with no objections the letter would be sent.

Mr. Wall delivered three protest letters to the Board concerning the contract of PTPN for outpatient rehabilitation services. Based on the protest, Mr. Wall recommended to suspend the awarding of the PTPN contract for 30 days until staff could review and evaluate the situation and then report to the Board with a recommendation.

A motion was made by Mr. Lincecum, seconded by Mr. Castaing, to suspend the award of the PTPN contract for 30 days to allow staff to review and make appropriate recommendations to the Board. There being no objection, the motion was approved.

Mr. Wall stated that the Board requested the responses to the TPA RFP. Mr. Wall delivered the four bids to the Board for review. He stated that the contract was awarded to the lowest bid and the contract was currently being finalized.

ADJOURN

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