

Minutes from the Meeting of the Policy and Planning Board

July 28, 1999

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. Russell Culotta
Mr. Robert Greer
Mr. James Lee
Mr. Hubert Lincecum
Mr. Richard Miles *
Mr. Malcolm Myer
Mr. Richard O'Shee
Mr. Aubrey Temple
Mr. Kelly Ward

Members Absent

Rep. McMains
Senator Tom Schedler
Mr. John Warner
Smith

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

* Mr. Richard Miles arrived after roll call.

APPROVAL OF MINUTES OF JUNE 28, 1999 MEETING

The minutes of June 28, 1999 meeting were presented for review and approval.

A motion was made by Mr. Lincecum, with a second by Dr. Broussard, to accept the minutes of the June 28, 1999 Board Meeting. There being no objections, the minutes were approved.

Dr. Broussard requested personal privilege from the Board to introduce Dr. Sidney Seegers, President of the Louisiana Retired Teachers Association. Dr. Seegers stated that the association represented approximately 30,000 retired teachers across the State. He expressed appreciation for the hard work done by the Board in providing affordable health care for the retirees. The Board thanked Dr. Seegers for his concern and interest in the SEGBP.

AON REPORT

WORK SESSION REVIEW AND RECOMMENDATIONS

Dr. Walker summarized the events of the Work Session held on July 26 & 27, 1999. He stated that the following issues were discussed during the Work Session and needed to be addressed by the Board in order for the staff to properly plan for the year 2000-2001:

- Continuation of the EPO
- Issuance of HMO RFPs to replace the current contracts which will end on 6/30/2000
- Define consideration of benefits
- HMO pricing
- Development of a low option plan
- Evaluation of differential pricing (HMO, EPO, and Regions)

Mr. Wall presented a project list and timeline to give the Board an idea of what the staff needed to achieve. He stated that in order for the adoption of a revised plan of benefits, and to avoid problems faced in the past, the timeline needed to be in place prior the September Board Meeting. He stated that Aon Consultants suggested various benefit changes to avoid an 11.8% rate increase for FY 2000-2001.

During the Work Session, a public hearing was recommended to receive suggestions and comments from plan members on issues concerning the plan of benefits. Mr. Myer stated that the Benefits and Rate Making Committee would hold a meeting during the week of August 2, 1999 to consider benefit recommendations. These benefit recommendations would be presented at the public hearing. Mr. O'Shee requested participation from Aon at the Benefits & Rate Making Committee meeting.

A motion was made by Mr. Myer, seconded by Mr. Miles, to hold a public hearing (of four hours duration) in Baton Rouge on August 20, 1999 to receive public input from plan members.

SEGBP staff would notify state agencies, retirement systems, and public school boards. In turn, the human resource personnel of these entities would notify participants. Mr. Lincecum accepted responsibility to make arrangements for the location of the public hearing.

The following is the result of a roll call vote:

YEAS

Dr. Broussard
Dr. Calvin
Dr. Cicardo
Mr. Culotta
Mr. Greer
Mr. Lincecum
Mr. Miles
Mr. Myer
Mr. Temple
Mr. Ward

NAYS

Mr. Castaing
Mr. Lee

With ten (10) yeas, and two (2) nays, the motion passed.

CEO REPORT**Merck-Medco Issues**

Dr. Walker reported that the following issues and problems have surfaced during Merck-Medco's administration:

- ID cards were not issued timely
- Co-pays were not collected initially
- Computer tapes from SEGBP were lost
- There were reported difficulties in reading the tapes received from SEGBP
- Initially a deductible was still being collected
- Pharmacy list including K & B which has been bought out by Rite Aid over a year ago
- File containing 89,300 records was sent to Merck-Medco out of which they only produced 83,195 ID cards

Merck-Medco representatives, Frank Coliano and Mike Johnson, addressed the issues and problems presented by Dr. Walker. They indicated that some of the problem was caused by SEGBP. Mr. Wall and Mr. Boesch said that SEGBP did cause one problem. It occurred when some EPO participant records were defaulted to the PPO. However, most of the problems were due to poor administration of the SEGBP account by Merck-Medco.

Mr. Myer then questioned the representatives concerning Merck Medco's lack of attendance at committee and Board meetings. Mr. Coliano stated that Merck-Medco needed proper notification of the meetings, but he did not indicate that there would be a representative at all of these meetings.

Following further discussion, Dr. Walker recommended that SEGBP terminate the Merck-Medco contract effective December 31, 1999 and reissue a new PBM RFP.

A motion was made by Mr. Castaing, with a second by Mr. Greer, to allow management, with proper notification to Merck-Medco, to issue a new PBM RFP.

The following is the result of a roll call vote:

YEAS**NAYS**

Dr. Broussard
Dr. Calvin
Mr. Castaing
Dr. Cicardo
Mr. Culotta
Mr. Greer
Mr. Lincecum
Mr. Lee
Mr. Miles
Mr. Myer
Mr. Temple
Mr. Ward

With twelve (12) yeas and no nays, the motion passed.

CENTRA ISSUES

Dr. Walker reported that pre-certification of physical therapy and chiropractic care caused excessive calls for approximately two weeks. He stated that Centra was unprepared for the volume of calls associated with the new pre-certification requirements. However, Centra, working with SEGBP, has corrected the problem. Mary Cox and Annette Sparksman, Centra representatives, were present and discussed the actions taken. Dr. Walker reported that Centra was following the term of their present contract in which nurses respond to pre-certification requests during defined hours, Monday through Friday. Mr. O'Shee inquired about how Centra handled after-hour and weekend precertification requests. Ms. Sparksman explained Centra's procedures to Mr. O'Shee's satisfaction. Mr. Myer commended Centra for attending the Committee and Board meetings.

PPO Comparison Summary

Dr. Walker presented the PPO comparison report which listed by Region the number of current PPO contracts compared to the number SEGBP previously had. He stated that the current PPO participation rate was 88.7%. Dr. Walker also provided a regional analysis of specialty providers by region and stated that providers are continuing to join the PPO.

COO REPORT**Employee of the Month**

Mr. Wall introduced the July Employee of the Month, Ms. Jeannette Prestridge. Ms. Prestridge is a R.N. and is an excellent employee. She is dependable and is a great source of information for the employees. Mr. Temple thanked Ms. Prestridge and stated that the Board appreciated her efforts.

Operation, Financial & Legal Report

The Claims Receipts By Month report a steady increase each year in claims receipts from 1995 to date.

The Daily Claims Inventory report indicated the backlog of claims has been reduced since May. Mr. Wall stated that the claims area was down for one day because of problems with the imaging system. Mr. Boesch explained that the imaging system server had a hard disk failure. Mr. Wall stated the claims volume continues to remain constant and at a fairly high level.

Mr. Wall reported that SEGBP has borrowed \$10.2 million to cover its cash needs. Based on Aon's estimation, the money should be paid back by February, 2000.

The financial report includes a summary of the individual expenses paid during the month of June 1999. A summary of cash receipts and cash disbursements for the FY 98/99 was also presented. The Claims Payment chart shows the claims issued for July 2 – 12, 1999. Mr. Temple requested the SEGBP budget be prepared on monthly basis.

CIO Report

The I/S Division is pursuing a contract with electronic claims vendors. A demonstration by Envoy is scheduled in August and Board Members are welcomed to attend. Mr. Boesch stated that the data received from the clearinghouse could be significantly better than the data on paper.

Mr. Boesch asked if Board approval was needed for selection of the imaging vendor. Mr. Benoit stated that the imaging RFP was issued at the request of, and under the authority of, the Board of Trustees. He stated that the RFP was actually issued by the Office of State Purchasing. Mr. Benoit reported that the criteria for evaluating the proposals was set forth in the RFP, and that there is no discretion with regard to award of the contract once the evaluations are completed. The contract must be awarded to the vendor whose proposal receives the highest rating in accordance with the established criteria.

Mr. Boesch stated that several Board Members have requested internet access via the SEGBP internet site to their personal e-mail location or web site.

A motion was made by Mr. Ward, with a second by Mr. Miles, to allow staff to develop a process by which the Board Members can communicate electronically using e-mail concerning the agency issues and activities. There being no objection, the motion was approved.

COMMITTEE REPORTS

Benefits & Rate Making Committee

Mr. Myers stated that the Benefits and Rate Making Committee minutes were in draft form. He summarized the committee's report as follows:

Life Insurance Update

The Benefits and Rate Making Committee unanimously passed a motion for SEGBP staff to move forward with the RFP for life insurance. Mr. Myer stated that the RFP

for life insurance coverage should contain a provision that no member of the Program experience a reduction in their current face amount of life insurance.

A motion was made by Mr. Myer, with a second by Mr. Miles, to allow staff to move forward with the life insurance RFP including a provision that no member of the Program experience a reduction in their current face amount of life insurance.

The following is the result of a roll call vote:

YEAS

NAYS

Dr. Broussard
Dr. Calvin
Mr. Castaing
Dr. Cicardo
Mr. Culotta
Mr. Greer
Mr. Lincecum
Mr. Lee
Mr. Miles
Mr. Myer
Mr. Temple
Mr. Ward

With twelve (12) yeas and no nays, the motion passed.

Revision of Co-Insurance for Non-Participating Providers

The Benefits and Rate Making Committee passed a motion to provide benefits at 80% (instead of 50%) of the fee schedule when there are no specialty physicians in a region other than those physicians who practice at an LSU facility.

Dr. Walker presented the Board with a list indicating the number of specialists in each region. He stated that this information was not available for the previous Benefits & Rate Making Committee meeting. Dr. Walker concurs with the Committee's recommendation and he stated that Aon believed that the cost to the agency would be less than \$100,000 annually.

A motion was made by Mr. Myer, with a second by Dr. Broussard, to accept Dr. Walker's and the Benefit and Rate Making Committee's recommendation, that benefits be paid at 80% (instead of 50%) of the fee schedule, when there were no specialist physicians in a region except LSU physicians. With only one objection (Mr. Castaing), the motion was approved.

Dr. Walker and Mr. Myer recommended that in metropolitan areas such as Lafayette, where there are no specialists, that the plan to pay 80% of the fee schedule. Ken Viera, Aon Consultant, stated that the cost would be less than \$50,000.

A motion was made by Mr. Lincecum, with a second by Dr. Broussard, that the plan pay 80% of the fee schedule for metropolitan areas where no specialist were available except LSU physicians. With only one objection (Mr. Castaing), the motion was approved.

School Boards Joining the Program

Vernon Parish and St. Landry Parish School Boards have requested participation in SEGBP and Representatives of the School Board were allowed to address the Benefits & Rate Making Committee. Upon completion of the presentation to the Committee, Mr. Myer made two suggestions: 1) dual referral to the Internal Audit/Finance Committee and to the Benefits Committee; or 2) the issue be brought before the full Board on Wednesday, July 28, 1999.

Mr. Myer stated that due to the lack of a quorum, the Internal Audit/Finance Committee could not make a recommendation to the Board.

Mr. Myer stated therefore, the School Board is still under review by the Benefits Committee and recommended the Board take no action at this time. Following a discussion, a motion was made by Mr. Myer, with a second by Mr. Miles, to defer the issue until both the Internal Audit/Finance Committee and the Benefits Committee meet again on the issue. There being no objections, the motion was approved.

Gastric ByPass

SEGBP's Medical Director, Dr. Tip McKnight, will report to the Benefits and Rate Making Committee regarding gastric bypass procedures.

New Drug (Utilization Management)

A motion was passed implementing a team to review the contractual agreement between Merck-Medco and the SEGBP. The team will review Merck-Medco's performance to insure SEGBP's account is being handled appropriately. He reported that with no objections, the motion unanimously passed.

Dr. Walker requested a correction be made to the Benefits minutes. The minutes should reflect that the one time Aon left early from a meeting was with his approval.

Service Proposals

Mr. Myer reported that there are service providers that would like to make presentations to the full Board. It is the recommendation of the Benefits & Rate Making Committee that this occur only once a year.

A motion was made by Mr. Lincecum, with a second by Mr. Culotta, to allow service providers to make presentations to the full Board only once a year.

A substitute motion was made by Mr. Myer, with a second by Dr. Cicardo, to allow service providers to provide information and be put through a screening process by management on an as needed basis.

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

YEAS

Dr. Broussard
Mr. Culotta
Mr. Greer
Mr. Lee

NAYS

Dr. Calvin
Dr. Cicardo
Mr. Lincecum
Mr. Myer
Mr. Temple
Mr. Ward

ABSTAINED

Mr. Castaing
Mr. Miles

With four (4) yeas, six (6) nays, and two (2) abstentions, the motion failed.

Mr. Temple requested a roll call vote on the original motion for service providers to give presentation to the full Board once a year.

The following is a result of the roll call vote:

YEAS

Dr. Broussard
Mr. Culotta
Mr. Greer
Mr. Lincecum
Mr. Miles
Mr. Temple

NAYS

Dr. Calvin
Mr. Castaing
Dr. Cicardo
Mr. Lee
Mr. Myer
Mr. Ward

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

New Business

Mr. Myer stated that a motion was made regarding the implementation of a task force to annually review the performance contracts that exceed \$500,000. He reported that the motion passed unanimously.

Mr. Myer reported that a motion was also made to review Aon's contract for total performance. There being no objections, the motion passed.

Mr. Myer stated that Mr. O'Shee requested the Benefits & Rate Making Committee to consider adjusting the Program's plan to include 90/10 coverage in emergency situations where an EPO member goes to any hospital in the PPO network. A motion was made by Mr. O'Shee, with a second by Mr. Myer, to recommend to the full Board that the current benefits be adjusted to include 90/10 coverage for emergency services for EPO members.

Mr. Castaing questioned any additional cost to this issue. Mr. Viera estimated the cost could be less than \$100,000.

A motion was made by Mr. Myer, with a second by Mr. Miles, that the current benefits be adjusted to pay 90/10 for emergency hospital services for EPO members which are rendered at a PPO hospital. There being no objections, one (1) abstention, the motion passed.

A motion was made by Mr. Myer, with a second by Mr. Ward, to accept the report of the July 20, 1999 Benefits & Rate Making Committee meeting. There being no objections, the report was accepted.

Grievance Committee Meeting

Mr. Culotta reported on the July 20, 1999 Grievance Committee meeting. The Committee heard the appeals of nine plan members. After a brief summary, a motion was made by Mr. Ward, with a seconded by Dr. Cicardo, for acceptance of the report of the July 20, 1999 Grievance Committee meeting. There being no objections, the report was accepted.

Mr. Culotta asked for the name of the present dental consultant. Dr Walker stated that the dentist was Dr. Edward Roberson who is being paid on an hourly basis.

FINANCE & INTERNAL AUDIT COMMITTEE MEETING

Mr. Lee reported that the Finance & Internal Audit Committee held its meeting on July 26, 1999. Due to the lack of a quorum, the Committee discussed the agenda items, but no actions were taken. The Committee received the Internal Audit Risk Assessment for the next year. The report will be discussed in full detail at the next Finance & Internal Audit Committee meeting. Mr. Lee stated the next meeting would be held on August 22, 1999.

NEW BUSINESS

Board Officer Election

Mr. Temple asked for nominations for the Chairman of the Board.

Mr. Myer nominated Mr. Aubrey Temple for Chairman, with a second by Mr. Ward. There being no further nominations, and without objection, Mr. Temple was elected Chairman of the Board.

The Chairman asked for nominations for Vice Chairman. Mr. Culotta nominated Mr. Hubert Lincecum for Vice Chairman of the Board, with a second by Mr. Myer. There being no further nominations, and without objection, Mr. Lincecum was elected Vice Chairman.

The Chairman asked for nominations for Secretary. Mr. Lincecum nominated Mr. Malcolm Myer for Secretary to the Board, seconded by Mr. Culotta. There being no further nominations, and without objection, Mr. Myer was elected Secretary.

August Board Meeting

Mr. Temple announced that the August Board of Trustees meeting will be held on Friday, August 27, 1999 at 9:00 a.m.

OLD BUSINESS

The Attorney General's Office has requested a resolution from the SEGBP Board of Trustees before it will issue an opinion as requested in Mr. Benoit's letters. Mr. Benoit requested that the Board adopt the resolution (a copy of which is attached hereto and made a part hereof) in order for the Attorney General's office to respond to the requests.

A motion was made by Mr. Greer, with a second by Mr. Lincecum, to adopt the resolution. There being no objections, the motion was passed.

Dr. Walker reported that the signed Willis-Knighton EPO contract had been received.

Mr. Lincecum stated that he would arrange for the public hearing to be held on August 20, 1999 at 10:00 a.m. Mr. Lincecum suggested using the State Police Academy auditorium. He also suggested that the meeting be recorded.

Dr. Cicardo commended Aon for their Work Session presentation.

ADJOURN

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