

STATE AND PUBLIC SCHOOL
LIFE AND HEALTH INSURANCE BOARD
MINUTES
May 21, 2003

The 44th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board) met on Wednesday, May 21, 2003, at 1:00 p.m., in the First Floor Conference Room of the Arkansas Insurance Department, Little Rock, Arkansas.

Members Present

John Hartnedy, Chairman
Preston Means
Janie D. White
Dr. Bobbie Davis
Dr. Joseph Thompson
Vance Strange
Bob Watson

Members Absent

Darrell Montgomery

Others Present

Sharon Dickerson, Executive Director, EBD

Peggy D'Agostino, Jackie Holloway and Ashli Davis, Employee Benefits Division, DF&A; Roy Lamm, Francis Browning, Roger Howe and Rob Thorpe, QC/QCA; Wendy See Advance PCS; Rose K. Gartner, Corphealth; Diann Gwatney, AHTD; Don Barnes and Patricia Bell, Attorney General Office; Alice Tucker, APERS; Barbara Melugin, David Bridges, and Ron DeBerry, BC/HA; Larry Carnes, FBMC; Melanie Kennedy and Joe Golden, AELRx; John Bauerlein, Milliman; Kathy Hanlon, Rogers Schools; Nancy Sheehan, NLSD; Eddie Freyer, Nicola Patterson, John Anthony and Julie Marshal, USABLE Life; David Robinson, Tunde Sotunde, Cameron Wedgeworth, Tamara Campbell, and Mike Wolff, United Health Care; Tony Minnicozzi, BLR; Shelia Weddington, SBS.

1. CALL TO ORDER

The meeting was called to order by Hartnedy.

2. Approval of Minutes

Means made motion to approve the minutes.

Davis seconded.

Motion approved.

Dickerson introduced the new Board member, Bob Watson District Superintendent from El Dorado.

3. Rates

Bauerlein presented the rates to the Board. He explained to the Board briefly about how the premiums were derived.

There was discussion concerning the rates being based on claims experience.

Hartnedy said that there were differences between the school and the state plan such as the school plan paid for fertility treatments.

Dickerson said that the Benefits Subcommittee had looked at the differences between the plans and had decided to basically keep the PSE plan the same.

There was discussion concerning whether there was any plan for catastrophic problems when the PSE was self-insured.

Bauerlein explained that there would be a surplus and in a self-funded plan rates could be adjusted as needed.

Davis made a motion to accept the rates as Bauerlein presented them

Means seconded.

Motion approved.

4. Law Suit

Bell told the Board that a motion to dismiss had been filed and she thought that the lawsuit would be dismissed.

5. Carrier's Quarterly report.

- ***Blue Cross Blue Shield/Health Advantage***

Bridges gave the Carrier's report for BCBS/HA.

- ***QualChoice***

Lamm presented QualChoice's quarterly report.

6. United Health Care – Open Access Program

United gave a presentation on their Open Access Program

Dickerson asked the carriers if they could do some of the same things that United could.

QualChoice said that it was working toward the open Access and Care Management.

Health Advantage and Blue Cross Blue Shield said they had some of the things and was working on them.

Hartnedy wanted the Board to hear from the man who wrote a paper on adolescent care, Richard Balkin.

Hartnedy asked if the Board wanted to do Open Access for the plan.

After discussion White made a motion to offer open access.

Davis seconded.

There was discussion over how to monitor the increase of usage of specialist and the possibility of POS/HMO going to the open access.

There was discussion about the Benefits Subcommittee being the venue to discuss the issue of open access for plan year 2005.

Hartnedy asked for a vote on the issue.

White – For
Strange – Against
Thompson – Against
Watson – Against
Davis – Against
Means – Against

Motion Failed.

7. Financials

Holloway presented the financial report to the Board.

For January 1 through March 31, 2003 the State revenues were \$38.8 million and expenses were \$37.5 million for a net income of \$1.3 million. The state's total assets were \$53.4 million and total liabilities were \$23.1 million for a surplus of \$30.3 million.

For October 1, 2001 through March 31, 2003 the School had revenues of \$92.0 million and expenses of \$91.1 million for a net income of \$.9 million.

Cash on hand March 31 2003 for the state was \$49.6 million. Cash on hand February 28, 2003 for the school was \$5.6 million.

8. Committee Reports

- ***Benefits***

Davis reported that Dickerson had presented new members Jeff Artemus from the Marion School District and Becky Walker from APERS and the Sub-Committee recommended the Board to approve these two new members.

Strange made motion to approve Artemus and Walker as new members of the Sub-Committee.

Thompson seconded.

Dickerson also told the Board that with the new law there would be some changes to the makeup of the Board and the Committees would have to have more Board members on them. She recommended that the Board Members address this issue in June.

Davis said that the Sub-Committee also recommendation to move Prosthetics from the durable medical equipment category to the medical category and to increase the annual limit to \$15,000, with

starting dates of October 1 for PSE and January 1 for ASE. The Sub-Committee also recommends that the limit for Travel/Lodging for transplant patients be \$10,000.00

Motion approved.

Davis told the Board that the Sub Committee liked the presentation from Select Data Services Administration.

- **DUEC**

Means reported that the DUEC had added 5 drugs to the formulary and taken 2 drugs off and 'grandfathered' the present users.

Means made motion to move Teveten and Micardis to 3rd tier and grandfather the members presently using these drugs.

Davis seconded.

Motion approved.

Means said that the DUEC had a recommendation to make Specialty RX the exclusive out-of-state provider for injectable drugs. There would be a 60 day notice and a lock out of other out-of-state providers on September 1.

Strange seconded the motion.

Motion approved.

Means said that in June the Board will have to add additional Board members to the committee.

9. Director's Report

Dickerson said that she had included a report on PBM's in the packet and a news article from Merrill Lynch on Pharmacy Benefit Management. She also included letters from Rep. Jeremy Hutchinson and Rep. Childers. The letter from Childers requested that the PBM contract not be signed and for him to review the Audit.

Dickerson said she would email the audit and contract to the Board.

Dickerson gave the Board an update on the Benefits Administration system. She said that the initial set up was complete. She said that the system was tested with 150,000 enrollees. She said that the plan was to have the system ready for the School group by the end of May. She said that the School group would be able to go to the website and pull up the application forms. She said that everything was going well.

Dickerson asked Hartnedy wanted her to report on Evidence Based medicine for the next meeting.

Hartnedy asked for the report on Evidence Based Medicine at the next meeting and also a report on what the new Benefits System can do. He wanted the PBM Audit to be discussed at the next meeting. He also wanted the Board to talk about co-insurance, Trestle Tree.

Meeting Adjourned.