

**MISSOURI DEPARTMENT OF TRANSPORTATION AND
MISSOURI STATE HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN**

**MINUTES OF THE BOARD OF TRUSTEES' MEETING
October 27, 2003**

Condensed

MEMBERS PRESENT: Mr. Jeff Padgett, Chairman
Captain Terry Moore, Vice Chairman
Mr. Dan Pritchard, Attorney to the Board
Mr. C.F. Barnes, Member (MoDOT Retired)
Mr. Roy Bergman, Member (MSHP Retired)
Lt. James Remillard, Member
Ms. Teresa White, Member

MEMBERS ABSENT: Mr. George Ellis, Member
Ms. Pamela Otto, Secretary-Treasurer

STAFF PRESENT: Ms. Marge Doerhoff, Employee Benefits Staff
Ms. Jennifer Wilbers, Employee Benefits Staff

GUESTS PRESENT: Mr. Steve Cox, Employees Association
Mr. Tim Forck, Arbitration Committee Chairman
Mr. Ken Anderson, Independent Pharmaceutical Consultants
Ms. Christine Johnson, Independent Pharmaceutical Consultants
Mr. Joe Botani, Sr., Arch Brokerage
Mr. Joe Botani, Jr., Arch Brokerage
Ms. Julie Muhlhauser, Arch Brokerage
Ms. Mary Hargadine, HealthLink
Ms. Lisa Skeens, Preferred Health Professionals

Mr. Padgett called the meeting to order at 8:10 a.m.

CLOSED SESSION:

Ms. White motioned to go into Closed Session. Captain Moore seconded. Motion carried.

There were several cases discussed during Closed Session.

Ms. White motioned to go into Open Session. Lieutenant Remillard seconded. Motion carried.

Consideration of the Consent Agenda Items *(It is the understanding of the Board that these items are to be reviewed before the Board meeting and will only be discussed if necessary.)* Consent agenda items were as follows:

- Approve Minutes of September 24, 2003 Board Meetings
- Financial Statement (September 2003)
- 2003 Medical and Life Insurance Plan – Profit/Loss Report
- Medical Plan Fund Account Balance
- 52-Week Report
- Claims and Contributions Summary (September 2003)

HealthLink Turn Around Time Reports (not available)

- September 2003

Westport Monthly Reports (September)

- Claim Summary
- Highest Paid Claims
- Lifetime Major Medical

Eckerd Prescription Reports

- September 2003
- 3Q03

Allsup Recovery Report

Consideration of the Consent Agenda Items

Lieutenant Remillard motioned to approve the Consent Agenda items. Ms. White seconded. Motion carried.

Durable Medical Equipment (DME) Recommendation

Recently the Board reviewed a request to repair a CPAP machine. However the Plan does not cover the cost of repairs or replacement on DME unless there is a sufficient change to the covered person's physical condition to make the original device no longer functional. Westport Benefits was contacted and responded that most plans have added repair coverage for DME. The following language recommendations were made:

Article VI – Covered Services and Exclusions

6.01 Covered Services

(j) Durable Medical Equipment

Rental of durable medical equipment or surgical equipment is covered if deemed medically necessary. These items may be bought or rented, with the cost not to exceed the fair market value of the equipment, but only if agreed to in advance by the plan administrator.

Durable medical equipment is limited to the following and other equipment approved from time to time by the Board of Trustees:

- (i) trusses; crutches; and braces;**
- (ii) equipment for the administration of oxygen;**
- (iii) a wheelchair or hospital type bed;**
- (iv) an iron lung;**
- (v) electronic heart pacemaker; or**
- (vi) TENS unit (with approved letter of medical necessity).**

~~Repair, replacement or maintenance is covered when there is sufficient change in the covered person's physical condition to make the original device no longer functional.~~

Services for repair and replacement of durable medical equipment will be covered under the plan if deemed medically necessary. A letter of medical necessity will be required from

the provider for review prior to coverage. The member must seek repair of the equipment prior to replacement, unless the repair cost is greater than the replacement cost. The plan will not cover replacement batteries or routine maintenance or maintenance agreements.

(k) Prosthetic Appliances

The initial purchase, fitting, and necessary adjustments of prosthetic devices and supplies that replace all or part of an absent body organ or limb, (including contiguous tissue) or replace all or part of the function of a permanently inoperative or malfunctioning body organ or limb. A time limit cannot be imposed for prosthetic appliances received for a mastectomy; and if the mastectomy was not performed while a participant was enrolled in the plan, the prosthetic appliance must be provided.

~~Repair, replacement or maintenance is covered when there is sufficient change in the covered person's physical condition to make the original device no longer functional.~~

Services for repair and replacement of prosthetic appliances will be covered under the plan if deemed medically necessary. A letter of medical necessity will be required from the provider for review prior to coverage. The member must seek repair of the equipment prior to replacement, unless the repair cost is greater than the replacement cost. The plan will not cover replacement batteries or routine maintenance or maintenance agreements.

The following appliances are excluded:

- (i) electrical continence aids, either anal or urethral;
- (ii) implants for cosmetic or psychological reasons;
- (iii) penile prostheses for psychogenic impotence;
- (iv) dental appliances;
- (v) replacement of cataract lenses except when new cataract lenses are needed because of prescription change;
- (vi) remote control devices;
- (vii) devices employing robotics; or
- (viii) all mechanical organs.

(l) Orthotic Devices

The initial purchase and fitting of orthotic appliances such as braces, splints or other appliances which are required for support of an injured or deformed part of the body as a result of a disabling congenital condition or an injury or sickness.

~~Repair, replacement or maintenance is covered when there is sufficient change in the covered person's physical condition to make the original device no longer functional.~~

Services for repair and replacement of orthopedic devices will be covered under the plan if deemed medically necessary. A letter of medical necessity will be required from the provider for review prior to coverage. The member must seek repair of the equipment

prior to replacement, unless the repair cost is greater than the replacement cost. The plan will not cover routine maintenance or maintenance agreements.

The following devices are excluded:

- (i) arch supports and other foot support devices;
- (ii) elastic stockings;
- (iii) garter belts;
- (iv) orthopedic shoes; or
- (iv) special braces.

Ms. White mentioned that rental of equipment during the time of repair was not addressed. Mr. Bergman asked where the letter of necessity would originate. The definition of medical necessity is defined in the plan document and this issue would need to meet the criteria of the medical necessity definition. Mr. Barnes suggested adding “as defined in Article I, Section 1.32” as a reference to medical necessity. Mr. Bergman motioned to approve the modification to the plan document with the addition of “as defined in Article I, Section 1.32.” Mr. Barnes seconded. Motion carried.

Handling of Active Duty Military Personnel during Open Enrollment

Several employees, retirees, etc., may not have the opportunity to take advantage of the open enrollment period during the month of October, 2003, because they have been activated to serve in the military. The policy for military personnel is they can drop coverage while actively serving in the military and reenroll in the plan within 90 days from separation of the military.

Staff recommends that those potential members be allowed the opportunity to enroll themselves and any eligible dependents, whether they were members of the plan prior to being activated, and as long as they apply for coverage within 90 days from separation of the military. This option would be available for calendar year 2004. Staff would review any enrollment applications or requests after that date.

Staff would also monitor if the potential member had the opportunity to enroll during the month of October, 2003, prior to being activated and would also monitor if they have filled out an enrollment form within the 90 day period from separation. Documentation would be required from the military depicting the separation date.

Mr. Bergman motioned to accept staff’s recommendation to allow military personnel to enroll in the medical plan within 90 days of losing military coverage. Mr. Bergman withdrew his motion.

Ms. White motioned to accept staff recommendation as written, but to exclude, “This option would be available for calendar year 2004.” Captain Moore seconded. Motion carried.

Policy for Member Presentations to the Board

A draft policy for member presentations to the Board was included in the Board packet. Mr. Padgett asked for changes or comments to the policy. Mr. Barnes asked if this conflicts with the Sunshine Law. Mr. Pritchard answered that it does not. Captain Moore motioned to accept the member presentation policy. Seconded by Ms. White. Motion carried.

Work-related Disability Life Insurance Recommendation

At the May Board Meeting, staff recommended allowing work-related disability recipients the same life insurance benefits (both state paid and optional) as long-term disability recipients to be effective for those employees approved for WRD January 1, 2004 and after.

At that meeting, Captain Moore motioned to accept the recommendation from staff to make the benefits the same for WRD and LTD recipients, but only mentioned State Paid Life insurance in the following motion: “motioned to accept the recommendation from staff for the state paid life insurance to be the same for WRD and LTD recipients”. Motion carried. To provide the same benefits for WRD and LTD recipients, we need to include Optional Life Insurance in the motion.

Staff recommends allowing employees approved for work-related disability to retain their State Paid Life (no state share) and retain the amount of Optional Life Insurance coverage they had in effect the month prior to their disability effective date, to be consistent with the benefits offered to long-term disability recipients. The effective date for the change would be January 1, 2004.

Motion to accept staff’s recommendation regarding WRD recipients to retain State paid Life insurance and retain the amount of Optional Life insurance in effect the month prior to their disability effective date was made by Mr. Bergman. Ms. White seconded. Discussion ensued regarding allowing these members to retain the insurance until death. Mr. Barnes suggested waiting for retirement to proceed with disability insurance and coordinate efforts then. Motion failed.

Mr. Barnes motioned that when retirement proceeds with disability insurance to coordinate with them at that time. Captain Moore seconded. Motion carried.

Disease Management Follow-up

Mr. Padgett asked for the Board’s direction regarding disease management in follow-up to the presentations made on September 24. Lieutenant Remillard stated he liked Strategic Health and Cardium, but did not favor HealthLink. Mr. Barnes stated that the Commission had set aside \$50,000 for wellness a few years ago. To his knowledge, this money has not been spent. Mr. Padgett will follow-up. Mr. Padgett asked Mr. Pritchard about a bidding process for a disease management vendor. Mr. Pritchard stated the statute reads that going out to bid is not necessary. Mr. Barnes stated he is not in favor of proceeding with a disease management vendor at this time, but to discuss this issue further during quarterly meetings. Captain Moore seconded. Motion carried.

Medical Claims Audit

Mr. Padgett reported that the Commission has approved the agreement with Meridian to perform the medical claims audit. Ms. Julie Muhlhauser of Arch Brokerage will schedule a meeting with the Board and Meridian.

IPC Visit

Mr. Padgett welcomed Mr. Ken Anderson and Ms. Christine Johnson of Independent Pharmaceutical Consultants (IPC). Mr. Anderson reviewed the Prescription Drug Benefit reports for second and third quarter of 2003. Action items from previous meetings included: 1) completed 2002 EHS prescription drug claim audit and sent findings to Eckerd Health Services (EHS) for response; 2) finalized reporting for PPO and OA3 plans; 3) implemented new drug protocols; 4) worked with EHS on hypertension medication step therapy; 5) finalized RFP review and recommendations; and 6) entered into final 2004 contract negotiations with EHS.

Mr. Anderson presented primarily third quarter data since there was little variance from second quarter data. The new clinical protocols for second quarter included Xolair, Forteo, Iressa and Humira. The new drug use protocols include Paxil, Effexor and Crestor. The proposed drug use protocols include OTC Prilosec 20mg and Pravigard PAC (Pravachol and OTC aspirin). IPC is currently reviewing the last draft of the contract with EHS. Final comments on the contract will be provided to EHS. The prescription claim audit is 90 percent completed. IPC is waiting a response from EHS on the findings. A final report will be prepared and presented to the Board.

Mr. Anderson proposed the following recommendations:

- Consider implementation of the revised antihypertensive step therapy program;
- Not allow payment of PravPAC;
- Continue development of the Pharmacy Grade Card;
- Finalize the 2002 claim audit; and
- Finalize the 2004 service contract.

Mr. Barnes motioned to accept IPC's recommendations. Captain Moore seconded. Motion carried.

Items Removed from Consent Agenda

There were no items removed from the Consent Agenda.

Other Business

HealthLink and PHP Visit – Mr. Padgett welcomed Ms. Mary Hargadine from HealthLink and Ms. Lisa Skeens from Preferred Health Professionals (PHP). Ms. Skeens presented a plan for the western part of the state for 2004 if the contract with Coventry is not renewed. PHP currently provides the Freedom Network with the PPO plan. The plan presented would utilize the Freedom Network Default. A level of savings was demonstrated using the data of the utilization from the current PPO members in western Missouri. The plan design would be three-tiered: 100 percent benefit level using Freedom Network Select providers, 80 percent benefit level using Freedom Network providers, and 70 percent using out-of-network providers. In the example shown, most of the savings are realized at the hospital level. Since the amount the plan would pay is based on level of savings, Ms. Skeens explained this concept. There would be a \$250,000 annual cap based on enrollment of 500 members. The medical management fees are not included in the cap nor are Westport Benefit's fees.

Ms. Hargadine distributed an article regarding a merger between WellPoint and Anthem. WellPoint is HealthLink's parent company.

Mr. Padgett thanked Ms. Hargadine and Ms. Skeens for attending the meeting.

Transplant Policy – Mr. Padgett welcomed staff from Arch Brokerage. Ms. Julie Muhlhauser presented information regarding the renewal for transplant insurance. International Funding Ltd's transplant policy will remain unchanged for the period beginning January 1, 2004. The rate will be \$6.45 per employee per month and is guaranteed for 12 months. Ms. Muhlhauser reviewed transplant management notes for 2003. Mr. Barnes suggested asking for a three-year contract. Motion to have Ms. Muhlhauser proceed with a three-year contract with International Funding was made by Captain Moore. Lieutenant Remillard seconded. Motion carried.

Statewide Employees' Association -- Mr. Padgett extended his thanks to Mr. Steve Cox for his support of the Medical Board during the Statewide Employees' Association meeting.

Archives – Mr. Padgett stated that the information stored at Archives needs to be reduced. Exchange Bank provided a bid to image checks at a cost of approximately \$400 per month. Ms. White stated not to engage in this service due to the economic status of the medical plan. Captain Moore motioned that the Secretary of State’s office does not charge for archiving. Mr. Padgett will follow up.

Motion made by Captain Moore to adjourn the meeting. Lieutenant Remillard seconded; motion carried. The meeting was adjourned at 12:30 p.m.

Respectfully submitted,

Pamela R. Otto, Secretary-Treasurer
Medical and Life Insurance Board of Trustees

md