

## University of South Alabama Fringe Benefits Committee – Meeting Minutes

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Date: July 29, 2008  
 Time: 3:00 p.m.  
 Place: HR Learning & Development Center

### Members:

Mr. M. Wayne Davis	Chairman - Financial Affairs	Present
Dr. Lanier S. Cauley	Mechanical Engineering	Present
Dr. Thomas Chilton	Associate Dean of Education	Absent
Ms. Elnora Davis	Central Supply	Present
Mr. Pat Downing	USA Brookley Center	Present
Mr. Edward Felts	Computer Services Center	Absent
Ms. Amy Fleet	Marketing	Absent
Dr. Jean Irion	Chair, Faculty/Senate Fringe Benefits Committee	Absent
Mr. David Knight	Supply, Processing & Distribution	Absent
Ms. Bessie Lee	Pediatrics	Absent
Mr. Bobby McRee	Maintenance	Present
Dr. Carl Moore	Academic Affairs	Present
Mr. John Pannelli	COM Business Office	Absent
Ms. Kelly Peters	Business Office	Present
Dr. Victoria Rivizzigno	Earth Sciences	Present
Dr. John Sachs	Chair of Faculty/Senate	Present
Dr. Robert Shearer	Office of the President	Absent
Ms. Barbara Shirvanian	Dean of Students	Present
Dr. Stephen Teplick	College of Medicine	Absent
Dr. J. Allan Tucker	College of Medicine	Present
Ms. Carolyn Williams	College of Medicine	Absent

### Others Present:

Ms. Pamela Henderson, Assistant Vice President Human Resources  
 Mr. Gerald Gattis, Associate Director of Human Resources  
 Mr. Ed Kahalley, Jr., Benefits Consultant and Secretary to the Committee  
 Mr. David Cooper, Blue Cross and Blue Shield  
 Dr. Michael Doran, Alternate for Dr. Jean Irion

### Call to Order & Meeting Minutes:

Chairman Wayne Davis called the meeting to order and asked for approval of the May 6, 2008, meeting minutes.

It was noted that Dr. Jean Irion was incorrectly listed and should have been listed as a member present.

A motion was made, seconded and the vote unanimous to dispense with the reading of the meeting minutes and approve same as prepared by the Secretary with the noted correction.

#### **Flu Vaccine:**

Mr. Gattis stated that the Health Services Foundation will bill the USA Health Plan for flu shots this year. All employees will have access to flu shots whether they are covered by the USA Health Plan or not. Dependents covered by the USA Health Plan will also have access to flu shots free of charge. Under this arrangement there will be no claim to file but a medical release form will be required. Flu shots will be available at several locations for convenience.

#### **Experience Report as of June 2008:**

Mr. Gattis distributed the experience report for the six-month period ended 6/30/2008.

Mr. Kahalley reported that the Plan was doing well with a positive balance year to date. He stated that representatives from Blue Cross and Blue Shield were present for this meeting to discuss the prescription drug benefit. He commented specifically on that benefit and the experience. He stated that additional information had been added to the experience report specific to the prescription drug benefit.

#### **Blue Cross and Blue Shield:**

Mr. David Cooper stated that he and Ms. Dorinda Cale from the pharmacy department at Blue Cross and Blue Shield were in attendance to present information on the prescription drug program.

Ms. Cale distributed a pharmacy management review report specific to the USA Health Plan. She stated that the USA Health Plan showed generic utilization at 57.8% which is good compared to their book of business which has a 61% generic utilization rate. She stated that several name brand drugs would soon be available in generic form and more would follow in the near term. She stated that this should provide good savings to the members and the Plan.

Blue Cross and Blue Shield manages the prescription drug program in several ways. The pricing is negotiated similar to the preferred provider network with most drugs offering 15% off average wholesale price savings. Generics are also discounted based on the maximum allowable cost. She stated that the price is set by Blue Cross and Blue Shield and most generic drugs have a 58% discount providing huge savings.

Specialty drugs are a hot topic due to their potential high cost. Blue Cross and Blue Shield has many specialty drugs under contract and receives a 33% discount off the cost of all prescription drugs.

Ms. Cale discussed the report in detail and how Blue Cross and Blue Shield manages the program through its purchasing power, drug rebates on formulary drugs, drug interaction screens and compliance with medication usage for specific diseases.

She stated that having the pharmacy benefit as part of the overall health plan greatly assists with medical programs such as the disease management program. She stated that the pharmacy system enhances the ability of Blue Cross and Blue Shield to monitor specific diseases and provide early intervention and continuing care. She stated that this would not be possible if the pharmacy benefit was contracted to a third-party pharmacy benefit manager or PBM.

Mr. Cooper stated that a pharmacy benefit manager or PBM will frequently offer special deals with pharmaceutical manufacturers that provide them with additional compensation. Oftentimes these arrangements are not in the best interest of the client. He stated that Blue Cross and Blue Shield has no such arrangement and passes all rebates directly back to the client. He stated that Blue Cross and Blue Shield does not charge a separate fee for pharmacy benefit administration.

Ms. Cale discussed several methods to increase generic utilization. She stated that this was something that could be impacted for a true savings to the group. This completed Ms. Cale's review of the pharmacy report.

The committee discussed the pharmacy benefit and agreed unanimously that the benefit should remain a part of the Blue Cross and Blue Shield administrative services contract. The committee rejected the concept of utilizing a pharmacy benefit manager. A motion was made, seconded and the vote unanimous for the pharmacy benefit to continue under the Blue Cross and Blue Shield administration.

#### **Tiered Rates:**

Mr. Gattis distributed a report on tiered premium rates.

Mr. Kahalley stated that the report had been presented at the January 29, 2008, Fringe Benefits Committee meeting. He stated that the report had been updated for information from Blue Cross and Blue Shield concerning a three-tiered rate based on actual USA Health Plan experience.

A review of the report, the rates provided by Blue Cross and Blue Shield and the effect of changing to a three-tiered rate structure followed.

A motion was made, seconded and the vote unanimous to remain with the current two-tiered rate structure.

#### **Infertility Coverage:**

Mr. Gattis distributed a report on coverage for assistive reproductive technology.

Mr. Kahalley stated that the report had been presented at the January 29, 2008, Fringe Benefits Committee meeting. He stated that the report had been updated for information received from the Practice Director for the Health Services Foundation.

Ms. Henderson provided additional information and insight into this service. She stated that the current plan offers good coverage compared to peer plans.

It was noted that the USA Health Plan has limitations and restrictions on a number of services including mental health treatment, substance abuse treatment and home health care services.

The Chairman noted that the Plan would soon expend assets for the wellness initiative. The Plan is doing well financially and there may be some ability to consider this coverage and other coverages such as expanding mental health/substance abuse, home health benefits and vision. He appointed the following members to a sub-committee for further consideration: Dr. Victoria Rivizzigno, Dr. Jean Irion, Dr. Robert Shearer, and Mr. Bobby McRee. Dr. Carl Moore nominated Dr. Shearer as chairman of the committee and the nomination was accepted.

Mr. Davis stated that Mr. Gattis and Mr. Kahalley would serve as advisors to the sub-committee. He stated that the committee should review the infertility treatment benefit as well as the mental and nervous treatment and home health care benefits.

#### **Wellness:**

Ms. Henderson stated that the University was working on the wellness initiative. In the first phase the University was considering an incentive for employees to complete the Health Quotient offered by Blue Cross and Blue Shield. The incentive under discussion for completing the Health Quotient would be \$50 for the employee and \$50 for the spouse covered under the USA Health Plan. The incentive would be administered by Blue Cross and Blue Shield. A slightly lesser incentive might be offered for those employees completing a paper Health Quotient. Computers should soon be available for use by the employees for accessing the Blue Cross and Blue Shield Web site. She stated that this may be ready to advertise during the open enrollment period.

A general discussion followed regarding the wellness program and this initial step. The committee was very favorable to this initiative.

#### **Adjourn:**

There being no other business to come before the Fringe Benefits Committee the meeting was adjourned at 4:45 p.m.