

LOUISIANA HEALTH PLAN

MINUTES

BOARD OF DIRECTORS MEETING

October 18, 2012

ATTENDANCE:

Board Members Present: Scott Westbrook, Robelynn Abadie, Kevin Bridwell, Derrell Cohoon, Dr. William Dimattia, Emma Fontenot, Phyllis Perron

Not Present: Michele Calandro

Also Present: Rene Louapre, Attorney for LHP

LHP Staff Present: Leah Barron, Carl Mautner, Jon Bonneval, Cathy Smith, Kathy Stern

MINUTES

Minutes from the June 21, 2012 Board meetings were presented.

MOTION

Derrell Cohoon made a motion to approve the Minutes as presented for the board meeting held on June 21, 2012. Motion seconded by Robelynn Abadie. No opposition. Motion passed.

OLD BUSINESS

Leah Barron reported on the results of the Executive Committee that was asked to secure E&O and D&O insurance coverage. Ms. Barron stated that the coverage was obtained through Indian Harbor LX. The policy year began on August 1, 2012.

Ms. Barron explained that the D&O coverage was \$3,000,000 with \$50,000 retention and that the E&O coverage was \$1,000,000 with a retention of \$150,000. The total premium for both policies is \$59,430.

There was a question as to when policies are procured, does the coverage follow the title or the individual (as referring to board members). Renee Louapre responded that normal procedure is that coverage is for the board members of the organization. No amendment needs to be made with a board member transition.

NEW BUSINESS

High Risk Pool Premiums for the year 2013

Ms. Barron distributed premium rate information prepared by Milliman to the board members. Ms. Barron announced the grant funds had been approved through the year 2013 and that the grant funds were applied to premium reduction in the High Risk Pool as well as in the HIPAA Plan.

Ms. Barron reminded the board members that under the Louisiana Health Plan statute, the rates from the top 5 carriers are averaged. Last year the board determined to use the weighted average. The lowest number that can be used is 110%.

Milliman took the average of the top 5 carriers and did 110%, net of the grant proceeds. The result is a rate increase 3.7% and 4.2% higher than the 2012 rates. Ms. Barron cautioned that with the new Federal standards we should not go above 9.9% because we would be subject to those kinds of regulatory review. Ms. Barron further stated that because there is enough funding in the High Risk Pool, that it would be best to keep the rates as low as possible at the 110%. Ms. Barron recommended adopting the High Risk Pool rates as proposed by Milliman at 110% weighted average of the top 5 carriers, net of the grant proceeds.

There was discussion about the new Federal standards and whether the rates proposed by the top 5 carriers were higher due to the new Federal requirements. Ms. Barron explained that in previous years there had been discussions about applying the grant funds net after the 110% is established. Doing that would bring the rates below the 110% and it was felt that it would bring questions about the legality from the statutory perspective.

Carl Mautner explained that Milliman had the benefit packages of the top carriers and that the benefits were matched by benefit, and that the rates for the extra benefits were removed.

There was question about the possibility of amending the statute. Ms. Barron responded that the rates were to apply January 1, 2013 and there is no time to amend the statute.

There was further discussion as to whether it was mandatory to comply with the statute. There was question as to whether the 110% had to be the lowest percentage. To keep the rates as low as possible, lowering the percentage would be beneficial to the policyholders. Ms. Barron stated that in order to lower from 110% a decision would have to be made at the Department of Insurance level to make a determination, if they could be done legally under the statute.

Emma Fontenot said that she would discuss the possibility of lowering the ceiling with Rod Friedy, actuary at Department of Insurance. Her concern was that if we did not follow what was in the current law and implemented a lower rate (and if the healthcare reform PPACA did not take place,) the following year the rates would be much higher.

It was noted that time is an issue in notifying policyholders of the new rates and having the renewal information returned to LHP.

Ms. Barron stated that the HIPAA recommendation is the same range in premium changes. Last year there was a higher rate change in the HIPAA Plan than in the High Risk Pool. Several of our policyholder family members have one member in the HIPAA Plan and another in the High Risk Pool and questions were raised as to the disparity in rate increases. Ms. Barron felt it would be beneficial to keep the range of increase as similar as possible in the two pools.

MOTION

Robelynn Abadie made a motion stating LHP will set the premium rate with High Risk Pool at 110% unless a lower amount would be allowable based solely on grant funds at the discretion of the Department of Insurance. Motion seconded by Phyllis Perron. No opposition. Motion passed.

HIPAA Rates for the year 2013

Leah Barron distributed the proposed rate and assessment information prepared by Milliman. Ms. Barron directed the board members to Table 1 that provided a synopsis of different assessment scenarios based on rate load and the number of new policyholders per quarter. Ms. Barron explained that the rates for the year 2012 were set at 167% weighted average of the top 5 carriers and that the rates for the year 2013 were based on 160% weighted average of the top 5 carriers. The rates were additionally based on 50 entrants per quarter, net of grant proceeds, with the intention of rates increase to range from 3.6% to 4.5% (a range increase close to those in the High Risk Pool).

Ms. Barron noted that this Scenario 2 of Table 1 would yield an assessment in the year 2013 of \$9.1 million. Ms. Barron stated that this would be her recommendation to the board members.

There was discussion about the assessment and discussion of the ceiling level of the rates in the HIPAA Plan.

MOTION

Robelynn Abadie made a motion to adopt HIPAA premium at 160% weighted average, net of grant proceeds, for an average increase between 3.6% and 4.5% and to use Scenario 2 from Table 1 for the HIPAA assessment of \$9.1 million. These rates could be lowered if the Department of Insurance allows the lowering of the High Risk Pool rates below the 110%. In that event, with the Department of Insurance approval, the HIPAA rates will be reduced below the 160% accordingly subject to grant allocation. Motion seconded by Derrell Cohoon. No opposition. Motion passed.

Financials

Carl Mautner reviewed the financial statement for the High Risk Pool and for the HIPAA Plan for the month ending August 31, 2012. Mr. Mautner reviewed the

highlights of the High Risk Pool and of the HIPAA Plan. Additionally, he provided information for the months of May, June and July for each plan.

MOTION

Derrell Cohoon made a motion to accept the financials as presented. Motion seconded by Kevin Bridwell. No opposition. Motion passed.

Executive Session

MOTION

Phyllis Perron made a motion to go into Executive Session to discuss:

- (a) Legal matters regarding CMS HIPAA Privacy and Security Audit and response(s) thereto;
- (b) Employee retention, hiring, benefits and compensation; including, but not limited to, character, reputation, professionalism, skills, performance, and 2013 closure date

Motion seconded by Kevin Bridwell. No opposition. Motion passed.

MOTION

Robelynn Abadie made a motion to return from Executive Session. Motion seconded by Dr. Dimattia. No opposition. Motion passed.

CEO Report

Ms. Barron directed board members to her report covering enrollment statistics, claims reports and asked they members take note of the next two regularly scheduled meetings for November 15 and December 13, 2012.

MOTION

Robelynn Abadie made a motion to adjourn. Motion seconded by Derrell Cohoon. No opposition. Motion passed.