

LOUISIANA HEALTH PLAN

MINUTES

BOARD OF DIRECTORS MEETING

September 13, 2010

ATTENDANCE:

Board Members Present: Michele Calandro, Kevin Bridwell, Derrell Cohoon, Phyllis Perron, David Shellington

Also Present: Rene Louapre, Attorney from Milling Benson
Scott Kipper, Department of Insurance

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

MINUTES

Minutes from August 20, 2010 Board meeting were presented.

MOTION

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

OLD BUSINESS

Old business regarding the committee to review staff salaries and benefits will be discussed in Executive Session.

NEW BUSINESS

A. Amendments to the Plan of Operation

Leah Barron presented the amendments and reviewed each:

Amendment 1:

The words "Louisiana Health Insurance Association" shall be replaced by the words "Louisiana Health Plan".

Amendment 2:

The words "the Association" shall be replaced by the words "the Plan".

Amendment 3:

All references to La. Revised Statute Sections shall be revised to reflect statutory changes pertaining to each section made to date.

Amendment 4:

Under Article V., 2. Assessments, after paragraph c., the following shall be added:

- d. Calculation of assessments shall be made as follows:
- 1) For the purposes of this section, “participating insurer” includes all insurers providing health insurance coverage, including excess or stop loss coverage, to residents of this state.
 - 2) The board shall make reasonable efforts designed to ensure that an insured individual is counted only once with respect to any assessment. For that purpose, the board shall allow a participating insurer who is an excess or stop loss insurer to exclude from its number of insured individuals those who have been counted by the primary insurer for the purpose of determining its assessment under this section. The responsibility for providing determinative documentation as to payment by the primary insurer shall be on the stop loss or excess insurer.
 - 3) The board shall have the authority to assess participating insurers in accordance with the provisions of this section, and to make interim assessments as may be reasonable and necessary for the plan’s organizational and interim operating expenses. Any such interim assessments are to be credited as offsets against any regular assessments due following the close of the fiscal year or the projections of future losses as calculated by the independent actuarial consultants and approved by the board of directors.
 - 4) Following the close of each fiscal year, the plan administrator, or the independent actuarial consultants, shall determine the net premiums (premiums less reasonable administrative expense allowances), the plan expenses of administration and the incurred losses for the year, taking into account investment income and other appropriate gains and losses. The deficit incurred by the plan shall be recouped by assessments apportioned by the board among participating insurers.
 - 5) Each participating insurer’s assessment shall be determined by multiplying the total assessment of all participating insurers as determined in paragraph 4) by a fraction, the numerator of which equals that of participating insurer’s premium and subscriber contract charges for health insurance coverage

written in the state during the preceding calendar year and the denominator of which equals the total of all health insurance premiums by all participating insurers.

- 6) If assessments exceed the plan's actual losses and administrative expenses, the excess shall be held at interest and used by the board to offset future losses or to reduce future assessments. As used in this section, "future losses" includes reserves for incurred by not reported claims or incurred but not paid claims.

*An example of the fractional representation of the assessment is provided below:

Total Assessable Premium ÷ Total Amount of Assessment = Assessment Ratio

Assessment Ratio x Assessable Premium (Specific to each Carrier) = Assessment Amount Owed by Specific Carrier

** The Specific Amount of Assessable Premium is provided by the Louisiana Department of Insurance

After presenting the amendments, Ms. Barron remarked that she needs to add language to Amendment 6 to state: there is a minimum assessment of \$25.

Discussion following regarding the minimum amount of \$25 being too low based on administrative costs of making the calculations, mailings, etc.

MOTION

Phyllis Perron made a motion to add language to Amendment 4, paragraph 6 and change number 6 to number 7: The new language to read: There is a minimum assessment of \$50. Motion seconded by David Shellington. No opposition. Motion passed.

MOTION

Phyllis Perron made a motion to approve the changes in the Plan of Operation as amended. Motion seconded by David Shellington. No opposition. Motion passed.

MOTION

Kevin Bridwell made a motion to move into Executive Session to discuss the character, professionalism, financial solvency and other matters allowed by law regarding the Requests for Proposal for Administrative Services, Utilization Management/Case Management/ and Disease Management Services and PPO Networks. Motion seconded by Derrell Cohoon. No opposition. Motion passed.

MOTION

Kevin Bridwell made a motion to return from Executive Session. Motion seconded by David Shellington. No opposition. Motion passed.

MOTION

Derrell Cohoon made a motion to approve Verity and First Health/VIAD for PPO Services and to authorize the CEO to finalize negotiations and a contract in conjunction with legal counsel. Motion seconded by Phyllis Perron. No opposition. Motion passed.

MOTION

David Shellington made a motion to adopt the following benefit enhancements for beginning January 1, 2011:

- Increase the annual limit from \$125,000 to \$150,000

- Increase the lifetime maximum limit from \$625,000 to \$750,000

- Increase the annual prescription drug limit from \$15,000 to \$20,000

- Increase the transplant limit from \$125,000 to \$150,000

- Decrease the mail order coinsurance:

- 1st tier minimum from \$25 to \$20 or from 20% to 15%

- 2nd tier minimum from \$45 to \$40 or from 30% to 25%

- 3rd tier minimum from \$85 to \$80 or from 40% to 35%

Motion seconded by Phyllis Perron. No opposition. Motion passed.

Update on Projection Model/Rates/Benefits

Leah Barron announced that there was a 3% average percentage decrease in premiums in all deductibles in the High Risk Pool. And, the HIPAA Plan has an average decrease of 1.4%. Following an analysis of these rates, they will be presented at the next board meeting.

Renee Louapre presented information from the NAIC regarding the Patient Protection and Affordable Care Act (PPACA) as it relates to health insurance market reform. Mr. Louapre also provided information from the Congressional Research Service about Grandfathered Health Plans Under PPACA. Mr. Louapre explained that he does not have regulations regarding the essential benefits for the individual market.

There was discussion on what possibly could be changed and what could not be changed and a variety of possible scenarios in the future. There was discussion about the possibility of the risk pool/HIPAA being exempt from the regulations. Questions surfaced about annual and lifetime limits. There were more questions than answers. Mr. Louapre will research the issues further as more information is released and requirements are defined.

Financials

Mr. Carl Mautner presented the Financial Reports for the High Risk Pool and for the HIPAA Plan. Mr. Mautner reviewed the highlights for each pool.

MOTION

Kevin Bridwell made a motion to accept the financial statements for the High Risk Pool and for the HIPAA Plan as presented. Motion was seconded by David Shellington. No opposition. Motion passed.

CEO Report

Ms. Barron directed the board members to her CEO report and reviewed the enrollment numbers and claims reports.

Other Business

There was no other business.

MOTION

Kevin Bridwell made a motion to adjourn the meeting. Motion seconded by David Shellington. No opposition. Motion passed.