

LOUISIANA HEALTH PLAN

MINUTES

BOARD OF DIRECTORS MEETING

August 18, 2011

ATTENDANCE:

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

Also Present: Rene Louapre, Attorney from Milling Benson

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

MINUTES

Minutes from the April 14, 2011 Board meeting were presented.

MOTION

Michele Calandro made a motion to approve the Minutes with the amendment to correct the spelling of the word “acclimation” to “acclamation.” Motion seconded by Robelynn Abadie. No opposition. Motion passed.

OLD BUSINESS

There was no old business.

NEW BUSINESS

Financials

Leah Barron directed the board members to the Financials that were prepared as of the close of June. Ms. Barron referred to the narrative prepared by Carl Mautner as she highlighted the summaries of the High Risk Pool, HIPAA Plan and the combined pools.

Ms. Barron announced that the audit was completed June, 2011, and referred the members to a synopsis of the Audit prepared by Thomas, Wilson, Ragus, Uffman & Company. Ms. Barron stated that it was a “clean” audit and had no reportable

conditions. Ms. Barron stated that a copy of the complete audit was available to anyone who wished to have such copy.

MOTION

Robelynn Abadie made a motion to approve the Financials as presented. Motion seconded by Michele Calandro. No opposition. Motion passed.

Update on Milliman Projections

Ms. Barron stated that information with regard to closure of the High Risk Pool was requested from Milliman to:

- (a) provide the lowest possible premium while still providing the appropriate benefit levels.
- (b) look at weighted vs. simple average in the calculation of the premium.
- (c) look at two scenarios for projections, both to have a closing date of December 31, 2013 – one scenario with run out through 2014 and the second scenario with a run out through 2015.

Ms. Barron directed the board members to a letter from Milliman dated August 12, 2011 to look at the Preliminary Risk Pool Closure Analysis-Revised.

Ms. Barron also stated that Milliman was asked to take a closer examination of the similarities and differences in benefit design when reviewing the top five carriers. Copies of the actual policies are being requested to be sure we are being diligent in the premium comparisons.

Ms. Barron stated that two years ago the board had looked at weighted vs. simple average and the determination was to continue with simple average. One of the reasons for staying with the simple average was that the Deputy Commission of Insurance at that time did not want us to make the change. If we want to look at moving to the weighted average, we would have to obtain the approval of the Department of Insurance.

If we were to use the weighted average we would be able to reduce the rates in the High Risk Pool to make them more affordable.

Range for the Risk Pool is between 110%-200%. The range for the HIPAA pool is between 125% - 200%.

Ms. Barron's recommendation is to use the December 31, 2013 closure date with run out through the year 2014. Ms. Barron's belief is that the vast majority of the run out will be in the year 2014. Any run out that comes in after December 31, 2014 could be taken on a case-by-case basis by the Department of Insurance. It could be contracted on a claim by claim calculation. If there needs to be a post assessment to the carriers, it would be a minimal assessment.

Ms. Barron stated that after Milliman reviews the benefit packages from the top five carriers, the recommended adjustments to LHP plans by Milliman should accurately reflect the benefit package offered by the carriers.

There were questions and discussion from board members about the assumptions that Milliman used regarding new entrants and changes due to the federal Pre-Existing Condition Insurance Plan. It was felt that there was an error in the assumption with regard to assessments for the HIPAA plan. Ms. Barron thought the assessment numbers were figured into the calculation but were possibly not added into the language. It is not clear. Until the numbers are actually calculated, it is difficult to determine weighted or simple average.

Ms. Barron stated that the board members were looking at preliminary projections that were prepared with current data. The projection was done prior to obtaining premium rates.

At this time, LHP is looking for a direction from the board on how to continue on a path looking forward for the next couple of years on how to prepare a projection model.

All claims should be processed within 12 months, thus all claims should be processed by the end of the year 2014. The operations of working with policyholders will be closed, but LHP would have to function to close out claims.

There was general discussion about possible scenarios of closure of pools in the future and the feasibility of combining the two pools. There were questions raised with regard to tax issues if there were excess funds and where those funds could possibly be distributed.

The decision was made to reject the information that Milliman had provided.

Leah Barron was asked to have Milliman provide premiums based on the top five carriers for the weighted average and for the simple average to run through December 31, 2013. Ms. Barron is to also ask Milliman to provide more detailed review of the benefit packages of the top five carriers in the state of Louisiana. She was asked to have the projections based on 18 month run out to December 31, 2013 based on simple and weighted average.

If issues change at the federal level, different scenarios will have to be addressed.

After lengthy discussion, it was decided that no board action was needed. Ms. Barron would move forward and contact Milliman to make corrections in their initial analysis.

Legislative Update/Grant

Grant

Ms. Barron provided a copy of an e-mail that had been previously sent to the board members confirming the amount received in the year 2011 would be \$1,445,550 which is \$58,508 less than received in the year 2010.

Legislative Update

Ms. Barron announced there was no funding for the High Risk Pool in the 2011-2012 state budget.

CEO Report

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

Ms. Barron stated that she is reviewing all aspects of closing the operation of Louisiana Health Plan at the end of the year 2013. She will provide updates at future meetings.

Resolution – Capital One

Ms. Barron presented a resolution to allow LHP to add signatories to the account at Capital One. Ms. Barron also presented the actual resolution form from Capital One.

Question was asked whether LHP has D & O coverage and E & O coverage. Ms. Barron responded that LHP does not have those policies. Ms. Barron stated that it had been discussed in previous years and that it was extremely expensive. Ms. Barron stated that in the LHP Statute there was no personal liability for the board members.

Ms. Barron is to investigate the question of D & O to be sure LHP is absolved under the Statute and to look at the limits.

MOTION

Michele Calandro made a motion to adopt the resolution that Capital One be designated as the legal depository for funds of the Organization and stated in Capital One, N.A. form TN: 72:1181034. The following board members having signatory authorization: Scott Westbrook, Dr. William Dimattia, Phyllis Perron, Robelynn Abadie, Kevin Bridwell and Derrell Cohoon. Motion seconded by Robelynn Abadie. No opposition. Motion passed.

Signature Requirements for LHP Accounts

Ms. Barron reviewed the recommendations made by Postethwaite and Netteville in the year 2008. While some of the recommendations were adopted and implemented, the following recommendations require board approval:

1. Moving the limit for two signatures from \$1,000 to \$5,000.

2. The Board had recommended that “automatic drafting” be utilized for recurring amounts above \$1,000 such as rent, etc. Due to the zero balance feature of the “sweep account” function of our bank accounts, it is recommended by Capital One that we do NOT use automatic drafting to avoid theft/fraud. Therefore, this function has not been implemented.

MOTION

Dr. Dimattia made a motion to raise the current threshold required for two signatures on LHP accounts from \$1,000 to \$5,000. Motion seconded by Derrell Cohoon. No opposition. Motion passed.

Executive Session

MOTION

Kevin Bridwell made a motion to move into Executive Session to discuss disputed policyholder claim with demand by legal counsel for policyholder. Motion seconded by Dr. Dimattia.

MOTION

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

OTHER BUSINESS

There was no other business.

MOTION

Michele Calandro made a motion to adjourn the meeting. Motion seconded by Robelynn Abadie. No opposition. Motion passed.