

APPROVED MINUTES

LOUISIANA CLERKS OF COURT INSURANCE TRUST BOARD OF TRUSTEES MEETING

MAY 23, 2019

9:00 AM

BATON ROUGE, LA

A meeting of the Board of Trustees of the Louisiana Clerks of Court Insurance Trust was held on Thursday, May 23, 2019 in Baton Rouge, LA.

The meeting was called to order by President Steve Andrews. Dot Lundin then gave the invocation and Randy Deshotel led the Pledge of Allegiance.

MEMBERS PRESENT:

President Steve Andrews
Brian Lestage
Randy Deshotel
Randy Briggs
Mark Graffeo
Lance Marino
Dot Lundin
Laura Culpepper

Susan Racca
Debbie Hudnall, Executive Director

ABSENT:

Darlene Landry
Dodi Eubanks
Connie Couvillon
Rick Arceneaux

ALSO PRESENT: Annette Fontana, Chris Kershaw and Dagmar Hebert.

Also present: Kim Breard, Ron LaBorde, Lana Labourdette, and Ryan Hamilton with Gallagher Insurance.

APPROVAL OF MINUTES: A motion was made by Lance Marino to approve the minutes of the meeting held on February 21, 2019. The motion was seconded by Dot Lundin. **MOTION CARRIED.**

FINANCIALS: (Report on file in office) Controller Chris Kershaw reported on April 2019 Financial Statements as listed below:

April 2018

Total Assets	\$ 8,795,794
Total Current Liabilities	\$ 388,563
Incurrent but Not Reported	\$ 782,980

Total Revenues	\$ 1,151,160
Total Claims & Admin	(\$ 1,087,523)
Gross Profit	\$ 63,637

Total Expenses	(\$ 33,096)
Total Other Income	\$ 18,315
Net Income	\$ 48,856

**LOUISIANA CLERKS OF COURT INSURANCE TRUST
BOARD MEETING – MAY 23, 2019
PAGE 2**

Chris explained that the Incurred but not reported (IBNR) figure is adjusted one time per year once the report is received from the Actuary. He further reported that revenues are ahead of the budgeted figures and expenses are running behind budgeted figures but as the year progresses those number will fall more in-line with the budget. He stated that there would be a settle-up with Gallagher for their administrative fee by the next scheduled meeting.

Mark Graffeo questioned the balance in reserves and the historical remembrance of possibly falling into a taxable range. Gallagher will investigate this further.

President Steve Andrews inquired about the status of the 2018 audit with Thomas Howell Ferguson. Chris Kershaw commented that the Association office had completed their audit request list ahead of the scheduled due date, however the auditors have not received everything from Hunt Insurance and have also not kept the Association updated on the status of the audit.

A motion was made by Randy Deshotel to receive the financial report as presented. The motion was seconded by Lance Marino. **MOTION CARRIED.**

Debbie Hudnall recognized Chris Kershaw for his additional work on the finances for the Trust.

GALLAGHER INSURANCE:

Medical and Prescription Claims Experience (on file in office):

Ron LaBorde reviewed Medical plan cost for the first four months of 2019, which are slightly above trend.

MEDICAL AND PRESCRIPTION CLAIMS EXPERIENCE – 2019

	Enrolled	Admin	Stop Loss	Medical	RX	Ineligible	Claims Paid	Plan Cost	PEPM
Jan	1,071	\$4,402	\$45,855	\$515,671	\$162,946	-\$43	\$678,660	\$728,716	\$680
Feb	1,071	\$4,402	\$45,856	\$548,894	\$172,103	-\$352	\$721,349	\$771,607	\$720
Mar	1,078	\$4,445	\$46,053	\$480,773	\$208,033	\$370	\$688,436	\$738,934	\$685
April	1,072	\$4,423	\$45,916	\$746,753	\$189,129		\$935,882	\$986,220	\$920
TOTAL	4,292	\$17,671	\$183,479	\$2,292,091	\$732,211	-\$25	\$3,024,327	\$3,225,478	\$752

Ron further commented on the increase in claims during the month of April due to several inpatient hospital stays. He then reviewed the claims by category again noting the spike in the inpatient category during the month of April at \$275,642. He reported on the claims by member type noting that the majoring of the claims come directly from the subscriber while claims for spouses and dependents is significantly less. Ron stated that both medical options have roughly the same percentage of enrollees, however the claims for the PPO are higher than the HDHP plan, as on the HDHP plan members are having to meet deductibles during the first part of the year.

**LOUISIANA CLERKS OF COURT INSURANCE TRUST
BOARD MEETING – MAY 23, 2019
PAGE 3**

Ron then reviewed the aggregate stop loss with current year to date claims running well below the attachment point. However, there are several claimants that have exceed 50% of the specific deductible of \$180,000 and Gallagher will be monitor those claimants.

Gallagher provided a list of the top 10 pharmacy claims by cost and number of prescriptions for the first four months of the year. Ron explained that pharmacy costs continue to rise and are the bulk of health care costs.

Dental Claims Experience (on file in office):

Ron reported on the dental claims through April 2019 and noted that there is customarily higher utilization during the summer months and expects the loss ratio to increase.

DENTAL CLAIMS- 2019

	Enrolled	Paid Claims	Admin	Plan Cost	Premiums	Loss Ratio	PEPM
Jan	1,381	\$46,902	\$3,812	\$50,713	\$60,980	83.2%	\$36.72
Feb	1,382	\$54,028	\$3,814	\$57,842	\$61,234	94.5%	\$41.85
Mar	1,387	\$58,937	\$3,828	\$62,765	\$61,358	102.3%	\$45.25
Apr	1,380	\$54,783	\$3,809	\$58,592	\$61,146	95.8%	\$42.46
TOTAL	5,530	\$214,650	\$15,263	\$229,912	\$244,718	93.9% avg	\$41.58 avg

Ancillary Product Experience (on file in office):

Ron then reviewed the product lines of coverage for Quarter 1 2019 with the Standard including Basic, Voluntary, Dependent and AD&D Life coverages; Short and Long-Term Disability and Vision.

	Basic Life	Voluntary Life	Dependent Life	AD&D	Short Term Disability	Long Term Disability	Vision
Premium	\$ 240,453	\$ 29,799	\$ 6,758	\$ 8,471	\$ 9,208	\$ 9,556	\$ 24,673
Claims	\$ 92,500	(\$ 600)	(\$ 54)	(\$1,024)	\$ 2,428	\$ 11,493	\$ 16,608
Fees, Taxes and Commissions	\$ 53,989	\$ 6,514	\$ 1,475	\$ 1,855	\$ 4,040	\$ 5,303	\$ 7,528
Loss Ratio	60.9%	19.8%	21.0%	9.8%	70.2%	175.8%	97.8%

Industry Update: Ron presented a historical timeline on the rise of prescription costs as compared to hospital, physician & clinical services and all other from 2009 to 2018. He also reported on the increase in specialty drug costs predicted to be 50% of total drug cost in 2020. Kim Breard commented on pending litigation regarding the affordable care act currently at the 5th Circuit Court of Appeal. She also brought to the Board's attention state legislation regarding pharmacy benefit managers and controls in place as step therapy and prior authorizations. She noted that BCBS believes has taken a stand against this legislation because of the negative impact of having a group of pharmacists delivering these control recommendations.

**LOUISIANA CLERKS OF COURT INSURANCE TRUST
BOARD MEETING – MAY 23, 2019
PAGE 4**

Blue Cross Blue Shield Pharmacy Rebate: Debbie Hudnall reported that Gallagher was able to negotiate with BCBS to secure additional savings on the RX through rebates of 40% back to the Trust. This was previously to be implemented for January 1, 2020, but Gallagher was able to work with BCBS for a June 1, 2019 effective date for the Insurance Trust. Kim explained that there would be no change to the members, no change to the current administrative fees, only the addition of rebates in the amount of 40% back to the Trust. She reported on the lack of transparency of BCBS' contract with the pharmacy benefit manager and the difficulty in providing an estimate of what these rebates will be, but it will be a cost savings to the Trust. Debbie explained that due to timing issues she had signed the agreement to accept the addition of the rebates effective June 1, 2019. A motion was made by Randy Deshotel to ratify the signing of the agreement by the Executive Director. The motion was seconded by Randy Briggs. **MOTION CARRIED.**

Timeline: Lana Labourdette presented a timeline for 2019 and the current projects in progress. She commented on the upcoming renewals and that AETNA has already noted a lag with renewal quotes due to the outcome of federal legislation. She also reported that the electronic feed is almost complete to AETNA.

Appeal: Ryan Hamilton updated the Board on a first level appeal that had been received BCBS for a mastectomy and reconstruction. The provider was an out of network provider and BCBS had paid the allowable amount as such. The specific codes used are always denied by BCBS. Gallagher feels that BCBS is adjudicating the claim correctly in-line with the plan and recommends confirming the denial by BCBS. There is no action required by the Board until the appeal reaches the second level.

EXECUTIVE DIRECTOR REPORT:

Unclaimed Property: Chris Kershaw reported that at the end of 2018 Hunt Insurance had sent an unclaimed property report and remittance to the State Treasurer's office. The ACH payment was rejected and was never processed. On March 19th the Association received the information from Hunt Insurance with approximately 150 checks to both individuals and providers dating back to 2008-2012. These amounts had been previously carried on the books as outstanding checks. Chris reported that checks had been reissued to the individual and providers and stated that 81% of the checks to individuals had already cleared and 60% of the provider checks had cleared.

Medicare Settlement Agreement: Lana informed the Board of an audit that was completed by the Louisiana Department of Health and BCBS regarding Medicaid claims paid primary by Medicaid which should have been paid primary by BCBS. The audit was for the time period from 2014-2016. The agreed upon percentage of claims was 7.3% which equates to \$11,991 owed by the Trust for those claims versus the total amount of \$164,259. This settlement amount will be paid through the weekly claims run.

**LOUISIANA CLERKS OF COURT INSURANCE TRUST
BOARD MEETING – MAY 23, 2019
PAGE 5**

Gallagher Consulting Agreement: Debbie stated that this agreement is still being finalized.

COBRA Contract: Debbie reported that this contract is still working as well.

BlueCross BlueShield Group Leader Forum: Debbie informed the Board that she along with Kim Breard had attended this forum in Baton Rouge.

Gallagher Tech Talk Seminar: Debbie also informed the Board that Dagmar Hebert had attend this seminar hosted by Gallagher at the beginning of May. Dagmar commented on the speakers and sessions including cyber liability and industry updates.

OTHER BUSINESS: None

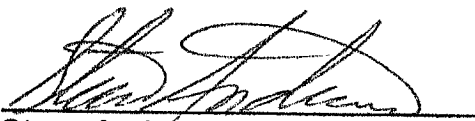
COMMENTS BY BOARD MEMBERS: Laura Culpepper asked for clarification as to when a spouse could enroll in the insurance and if there was a certain length of time they had to be covered to be eligible for the insurance when the member retires. Debbie stated that a spouse could enroll in the plan if there was qualifying event or during open enrollment and there was no certain length of required time.

President Steve Andrews thanked the Insurance Board Members for their service and allowing him serve as president as this was his last meeting to serve. The Board thanked Steve for his service.

There being no further business, Randy Briggs moved that the meeting be adjourned. Motion seconded by Mark Graffeo. **MOTION CARRIED.**

Meeting adjourned.

APPROVED:


Steve Andrews
President

Respectfully submitted,


Debbie D. Hudnall
Executive Director