

**APPROVED MINUTES  
LOUISIANA CLERKS OF COURT INSURANCE TRUST  
BOARD OF TRUSTEES MEETING  
OCTOBER 25, 2013  
9:00 AM  
BATON ROUGE, LOUISIANA**

A meeting of the Board of Trustees of the Louisiana Clerks of Court Insurance Trust was held on Friday, October 25, 2013 in Baton Rouge, Louisiana.

The meeting was called to order by President Tammy Foster who then asked Dot Lundin to give the invocation. Steve Andrews then led the Pledge of Allegiance.

**MEMBERS PRESENT:**

President Tammy Foster  
Mark Graffeo  
Darlene Landry  
Dot Lundin  
Rick Arceneaux

Holli Vining  
Carol Jones  
Lanell Landry  
Steve Andrews  
Cliff Dressel

**ALSO PRESENT:**

Debbie Hudnall, Executive Director  
Tamara Tretter, Hunt Insurance  
Jeff Williams, Hunt Insurance  
Guests – Carl Broussard, Brian Lestage, Chris Kershaw, Dagmar Hebert

**APPROVAL OF MINUTES**

Cliff Dressel moved that the minutes of June 12, 2013 and July 26, 2013, be approved as presented. Motion seconded by Rick Arceneaux. **MOTION CARRIED**

**COMMENTS BY CHAIRMAN**

Chairman Tammy Foster thanked everyone for attending and reported that the open house the night before was great. She reported the Board room had been transformed and that she greatly appreciated all of the hard work of Debbie and her staff. She reminded everyone that the next Board meetings will be in Natchitoches, December 11-13 and reminded everyone to book their rooms.

**AUDIT REPORT (On file in office)**

William Ferguson with Thomas Howell Ferguson presented the 2012 Audit report of the Louisiana Clerks of Court Insurance Trust by conference call. He reported that Liz Fabi-Pillar was no longer with their firm but that Betsy Miller was the lead auditor on the fund and she was also on line. Mr. Ferguson reported that the financial statements presented fairly, in all material respects the financial status of the Plan as of December 31, 2012 and 2011, and the financial status for the year ended December 31, 2012, was in accordance with accounting principles that are generally accepted. Total net assets available for benefits as of December 31<sup>st</sup> were \$2,891,625. There was an increase in net assets of \$111,192.

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Mr. Ferguson reported that although premiums were up; rebates and reimbursements were down over \$100,000 and re-insurance recoveries were down considerably. He reported that the claims incurred but not reported as determined by the actuary was \$1,106,468.

Debbie asked Mr. Ferguson if he agreed with Liz's opinion that the 25% administrative expenses were in line with other self-funded plans. Mr. Ferguson agreed stating that the standard administrative cost is about 30%. Steve Andrews asked if there was a breakdown of the administrative expenses and Mr. Ferguson said he would email one over as soon as he got off of the phone. Debbie said she would email the list to the Board. Mr. Ferguson reported there was \$1,055,697 in investments as of the end of the year compared to \$807,688 in 2011.

He reported to the Board there were two deficiencies in internal control that were determined but did not constitute significant deficiencies or material weaknesses:

**Claims Processing** – There was one instance where a claim payment was approved outside the authority limits when the policy requires any claim more than \$1000 to be manually approved. He reported that based on discussion with BMS, their software has been updated to ensure such claims are handled properly. Mr. Ferguson recommends that the Plan institute routine review procedures to monitor key control processes

**Stale Dated Checks** – It was noted that Hunt Insurance Group was not consistently following their policy for monitoring outstanding checks. The auditors recommend that Hunt begin following its policy in order to ensure compliance.

Mr. Ferguson thanked the Board for allowing them to perform the audit and thanked Debbie and her staff for their work and also the staff at Hunt Insurance.

Lanell Landry moved that the 2012 audit be approved. Motion seconded by Mark Graffeo. **Motion carried.**

**FINANCIALS: (Report on file in office)** Treasurer Mark Graffeo presented the financial reports for Insurance operations fund for June, July, August, and September 2013.

<b>June 2013-</b>	Total Assets:	\$ 319,859
	Monthly Revenue	13,241
	Monthly Expenses	( 16,483)
	Monthly Net Income	\$ ( 3,242)

<b>July 2013-</b>	Total Assets:	\$ 317,598
	Monthly Revenue	11,421
	Monthly Expenses	( 13,682)
	Monthly Net Loss	\$ ( 2,261)

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**Aug 2013-** Total Assets: \$ 318,417  
Monthly Revenue 11,527  
Monthly Expenses ( 10,707)  
Monthly Net Income \$ 820

**Sept 2013-** Total Assets: \$ 320,394  
Monthly Revenue 11,457  
Monthly Expenses ( 9,480)  
Monthly Net Income \$ 1,977

Darlene Landry moved that the Financial Statements be received. Motion seconded by Dot Lundin. **MOTION CARRIED**

**Actuarial Report: (Report on file in office)**

Jeff Williams presented the Actuarial Report on behalf of Bonnie S. Albritton of L & E Actuaries. The report stated that due to benefit changes in the year and movement of the third-party administration to Blue Cross Blue Shield from Benefit Management Services, there is additional uncertainty in the projections. The actuaries recommended that the Trustees continue to monitor the emerging experience through the rest of the year and reevaluate for any necessary rate increase in 2014. Based on claims incurred through December 31, 2012 and paid through March 31, 2013, their estimate of the IBNR liability as of December 31, 2012 was \$1.11 million. Their premium projections as of March 31, 2013 were as follows:

Calendar Year	Contribution Increase	Year End Trust Surplus
2013	0.0%	\$3,313,826
2014	0.0%	\$3,862,177
2014	7.0%	\$4,289,022

Cliff Dressel moved to accept the Actuarial report. Motion seconded by Rick Arceneaux. **MOTION CARRIED.**

**ADMINISTRATORS' REPORT: (Report on file in office)**

**Financial Reports:** Jeff Williams gave the financial reports for the Insurance Trust for the months of April, May, June and July 2013.

**Apr 2013 Statement of Net Assets (preliminary)**  
Total Assets \$3,339,614  
Total Liabilities \$2,163,560  
Net Assets \$1,176,054

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**Cash Analysis (as of Apr 2013)**

Annual Funds Received	\$4,507,695
Annual Total Expenses	\$3,935,810
Cash Balance	\$2,154,295

**May 2013 Statement of Net Assets (preliminary)**

Total Assets	\$3,324,756
Total Liabilities	<u>\$1,432,224</u>
Net Assets	\$1,892,532

**Cash Analysis (as of May 2013)**

Annual Funds Received	\$ 5,746,651
Annual Total Expenses	\$ 5,211,215
Cash Balance	\$ 2,117,847

**June 2013 Statement of Net Assets**

Total Assets	\$3,374,660
Total Liabilities	<u>\$1,374,803</u>
Net Assets	\$1,999,857

**Cash Analysis (as of June 2013)**

Annual Funds Received	\$ 6,778,790
Annual Total Expenses	\$ 6,158,783
Cash Balance	\$ 2,202,417

**July 2013 Statement of Net Assets**

Total Assets	\$3,211,193
Total Liabilities	<u>\$1,134,031</u>
Net Assets	\$2,077,162

**Cash Analysis (as of July 2013)**

Annual Funds Received	\$ 7,948,288
Annual Total Expenses	\$ 7,391,788
Cash Balance	\$ 2,138,911

**Investments:** Jeff reported the market value of the investments as of July 2013 was \$1,063,813.

Chris Kershaw pointed out to the Board that the July IBNR of \$853,740 was considerably lower than the \$1.1 million IBNR quoted by the actuary as of March 2013. Debbie said she had spoken to Chris Baker at Hunt Insurance and he said they were trying to make the adjustments on a monthly basis. Mark Graffeo pointed out that the cash was considerably higher. Jeff pointed out that prescription rebates were down, but

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generic drug use is at 82% which is very good. Debbie informed the Board that there are financials lag in the insurance industry because of the nature of the claims, but she had asked Hunt to try to have financial statements more current in the future, especially when the Board was considering renewals.

Jeff reported that the bank balance is maintaining stability and everything seems to be moving in the right direction. Steve Andrews moved that the financial report be received. Motion seconded by Carol Jones. **Motion carried.**

**CLAIMS EXPERIENCE:** Jeff Williams reported on the actual claims experience for 2013. He said the claims are averaging about \$671,628 per month which is currently tracking lower than the last 3 years. Prescription drugs are currently averaging \$114,375 per month which is lower than 2012 and 2011. He also informed the Board that as of September 30<sup>th</sup>, there had only been \$153,568 paid toward the \$385,000 corridor.

**CLAIMS EXPERIENCE - 2013**

Month	Prescriptions	Medical	Monthly Totals	Aggregate
Jan 13	\$133,494	\$537,331	\$670,823	\$ 670,823
Feb 13	\$88,494	\$542,696	\$631,190	\$1,302,013
Mar 13	\$97,326	\$413,280	\$510,606	\$1,817,497
Apr 13	\$101,193	\$782,878	\$513,931	\$2,696,690
May 13	\$107,550	\$431,858	\$539,408	\$3,236,097
June 13	\$115,657	\$510,287	\$625,944	\$1,817,497
July 13	\$109,855	\$834,212	\$944,067	\$1,817,497

**CLAIMS EXPERIENCE - 2012**

Month	Prescriptions	Medical	Monthly Totals	Aggregate
Jan 12	\$92,748	\$754,194	\$846,942	\$ 846,942
Feb 12	\$92,412	\$650,802	\$743,214	\$1,590,156
Mar 12	\$101,070	\$586,552	\$687,622	\$2,277,778
Apr 12	\$119,113	\$556,008	\$675,121	\$2,952,899
May 12	\$125,232	\$557,234	\$682,466	\$3,635,365
June 12	\$139,166	\$542,117	\$681,283	\$4,316,648
July 12	\$128,395	\$486,794	\$615,189	\$4,931,837
August 12	\$124,744	\$595,444	\$720,188	\$5,652,025
Sept 12	\$158,614	\$508,082	\$666,696	\$6,318,721
Oct 12	\$134,595	\$461,961	\$596,556	\$6,915,277
Nov 12	\$178,612	\$529,481	\$708,093	\$7,623,370
Dec 12	\$146,949	\$426,749	\$573,698	\$8,197,068

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**DENTAL CLAIMS- 2013**

<b>Date</b>	<b>Lives</b>	<b>Premiums</b>	<b>Claims</b>	<b>Ratio</b>
Jan 13	1,155	\$46,965.00	\$39,230.00	83.53%
Feb 13	1,155	47,213.00	39,735.00	84.16%
Mar 13	1,157	46,860.00	42,632.00	90.98%
Apr 13	1,155	46,834.00	40,789.00	87.09%
May 13	1,152	46,707.00	52,868.00	113.19%
June 13	1,149	47,052.00	36,753.00	78.11%
July 2013	1,152	46,047.00	42,120.00	91.47%
August 2013	1,149	46,647.00	39,796.00	85.31%
September 13	1,151	46,494.00	29,707.00	63.89%
<b>TOTAL</b>	<b>10,379</b>	<b>\$420,819</b>	<b>\$363,630</b>	<b>86.4% AVG</b>

**DENTAL CLAIMS- 2012**

<b>Date</b>	<b>Lives</b>	<b>Premiums</b>	<b>Claims</b>	<b>Ratio</b>
Jan 12	1,164	\$48,187.00	\$11,838.00	24.57%
Feb 12	1,159	47,797.00	33,593.00	70.28%
Mar 12	1,160	48,205.00	36,970.00	76.69%
Apr 12	1,158	48,054.00	33,392.00	69.49%
May 12	1,155	47,824.00	56,015.00	117.13%
June 12	1,159	47,856.00	39,045.00	81.59%
July 12	1,137	47,747.00	44,916.00	94.07%
August 12	1,156	46,537.00	57,144.00	122.79%
Sept 12	1,160	48,418.00	37,631.00	77.72%
Oct 12	1,155	47,734.00	52,620.00	110.24%
Nov 12	1,159	47,532.00	39,567.00	83.24%
Dec 12	1,158	47,438.00	36,399.00	76.73%
<b>TOTAL</b>	<b>13,877</b>	<b>\$573,329</b>	<b>\$39,927</b>	<b>83.7%</b>

**VISION INSURANCE - 2013**

<b>Date</b>	<b>Lives</b>	<b>Premium</b>	<b>Claims</b>	<b>Ratio</b>
Jan 13	837	\$ 5,726.00	\$ 1,124.00	35.33%
Feb 13	839	5,732.00	7,545.00	131.63%
Mar 13	844	5,754.00	4,232.00	73.55%
Apr 13	844	5,740.00	3,651.00	63.61%
May 13	844	5,737.00	4,193.00	73.09%
June 13	844	5,743.00	3,810.00	66.34%
July 13	847	5,750.00	7,427.00	129.17%
August 13	846	5,763.00	4,050.00	70.28%
Sept 13	848	5,747.00	2,464.00	42.87%
<b>TOTAL</b>	<b>7,593</b>	<b>\$51,692.00</b>	<b>\$38,496.00</b>	<b>74.46%</b>

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**VISION INSURANCE - 2012**

<b>Date</b>	<b>Lives</b>	<b>Premium</b>	<b>Claims</b>	<b>Ratio</b>
Jan 12	838	\$ 5,463.00	\$ 1,930.00	35.33%
Feb 12	839	5,825.00	1,049.00	18.01%
Mar 12	834	5,789.00	4,197.00	72.50%
Apr 12	834	5,789.00	5,865.00	101.31%
May 12	834	5,797.00	4,218.00	72.76%
June 12	837	5,814.00	3,450.00	59.34%
July 12	823	5,714.00	3,415.00	59.77%
August 12	837	5,797.00	2,543.00	43.87%
Sept 12	842	5,829.00	3,063.00	52.55%
Oct 12	841	5,815.00	2,666.00	45.85%
Nov 12	841	5,818.00	2,268.00	38.98%
Dec 12	840	5,810.00	3,974.00	68.40%
<b>TOTAL</b>	<b>10,040</b>	<b>\$69,260.00</b>	<b>\$38,638.00</b>	<b>55.72%</b>

**LIFE INSURANCE: 01-01-13 to 9-30-13**

Earned Premiums	\$549,223
Paid Claims	888,750
Change in IBNR	50,000
Change in Reported Reserve	2,875
Total Incurred Claims	941,625
Total Expense & Risk Charges	141,902
<b>BALANCE</b>	<b>(\$534,304)</b>

Jeff reported dental claims were running about 86% and that the Board might want to consider a self-funded dental plan when considering renewals. He reported that the vision is at a 74% loss ratio and the normal is 60%. The life insurance is currently \$810,000 in the red since 2008, but Standard continued to offer a passing rate probably because of other coverage the Clerks have with them.

Jeff said they would like to promote some Wellness Programs in 2014 maybe through BCBS. Members could participate in on-line programs at no additional cost. He did remind the Board that it might take 3 years before you saw results from Wellness Programs.

**RENEWALS:**

Debbie asked if there was a consensus of the Board to remain with BCBS in 2014 and if so there was no need to discuss the other proposal that were discussed on the conference call previously. The Board agreed the consensus was to remain with BCBS. Jeff had contacted BCBS to ascertain if they would reduce their proposed Administrative Fee and they agreed to reduce it by \$2.00 per member per month if Board agreed to move from BMS managed care to BCBS managed care. He said there was no difference between the two. Tamara informed the Board that Aetna's administrative fees came back at \$55 per member per month and that is why they

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weren't even presented to the Board. Jeff stated that the \$34.50 was much lower than most of their other clients in Florida.

There was discussion of the pros and cons of increasing the Specific Deductible from \$150,000 to \$160,000.

After much discussion, Mark Graffeo moved that the Insurance remain with BCBS, move from BMS managed care to BCBS managed care, and increase the specific amount to \$160,000. Motion seconded by Cliff Dressel. **Motion carried.**

Tamara Tretter informed the Board that Delta Dental had come with an increase in premiums of 10.68% for 2014 and she thought the Board should consider converting from a fully funded plan to a self-funded dental plan. She said the claims had been averaging about \$40,000 per month for the last several years, but Delta Dental was projecting claims for 2014 to run about \$47,000 per month.

Tamara advised the Board that she felt if they went to a self-funded plan they could maintain the same premium rate. She said that even if the claims increased from \$40,000 per month to \$43,000 per month, the self-funded plan would cover all cost. The funds would be maintained in the same manner as the self-funded health insurance and in the same account and would have the same network. She also informed the Board that by being self-funded, they fund would not have to pay the taxes that were included in a full-insured plan. It was the recommendation of Hunt Insurance that the Trust move to a self-funded plan. Lanell Landry moved that the Clerks move to a self-funded dental plan, maintaining the same premiums and maintaining the Delta Dental network. Motion seconded by Cliff Dressel. **Motion carried.**

Jeff reported there would be a slight increase in the vision, and didn't feel it would be worthwhile to move to one of the other carriers that submitted a proposal that was a few cents cheaper. Maintaining the vision with Standard probably helped to give a passing rate on the life insurance with Standard. Cliff Dressel moved that the Trust maintain the vision insurance with Standard with the slight increase in premiums. Motion seconded by Rick Arceneaux. **Motion carried.**

Tammy asked Jeff if they had any statistics from Health Advocacy. He said they would have those before the December meeting in order for the Board to make a decision.

## **REPORT OF THE EXECUTIVE DIRECTOR**

Debbie reported that they had never had a signed contract with Blue Cross even though they had been working on it for a long time. She said one of the important items was that BlueCross had removed the termination clause from the contract which they had previously highly recommended. They were in the process of setting up a face to face meeting between the attorneys.



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Debbie reported the move into the new building had gone very smoothly and that the staff had worked very hard in moving the office. She said they had only hired two men one day to move large items at the cost of \$250. Debbie said she was very proud of the staff their hard work in the move as well as maintaining their regular work at the same time. She said the building came in a little under the construction bid price at a total cost of \$107.81 per square foot.

Debbie reported that the listing agreement had run out with the Realtor, and that the Association had voted to renew the contract. She said the Retirement Board and Association Board had discussed the possibility of renting the property but chose not to at this time.

**COMMENTS BY BOARD MEMBERS: None**

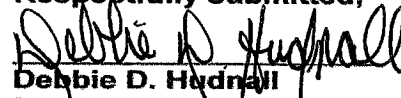
There being no further business, Cliff Dressel moved that the meeting be adjourned. Motion seconded by Rick Arceneaux. **Motion carried.**

**Meeting adjourned.**

**APPROVED:**

  
Tammy Foster  
President

**Respectfully submitted,**

  
Debbie D. Hyndall  
Executive Director