

APPROVED MINUTES

LOUISIANA CLERKS OF COURT INSURANCE TRUST BOARD OF TRUSTEES MEETING OCTOBER 24, 2012 9:00 AM WHITE CASTLE, LOUISIANA

A meeting of the Board of Trustees of the Louisiana Clerks of Court Insurance Trust was held on Wednesday, October 24, 2012, White Castle, Louisiana.

The meeting was called to order by Chairman Tammy Foster who then asked Carol Jones to give the invocation. Rick Arceneaux then led the Pledge of Allegiance.

MEMBERS PRESENT:

Chairman Tammy Foster	Carol Jones
Diane Meaux Broussard	Lanell Landry
Jim Martin	Steve Andrews
Darlene Landry	Cliff Dressel
Lance Marino	Mark Graffeo
Rick Arceneaux	Bill Hodge
Holli Vining	

ALSO PRESENT:

Debbie Hudnall, Executive Director
Tamara Tretter, Hunt Insurance
Guests – Connie Couvillon; Dot Lundin; John Olivier; Brian Lestage; Chris Kershaw and Dagmar Hebert.

APPROVAL OF MINUTES

Cliff Dressel moved that the minutes of July 26, 2012, be approved as presented.
Motion seconded by Jim Marin. **MOTION CARRIED**

Chairman Tammy Foster presented the resignation of 2nd District Member, Vernon Rodrigue to the Board. Rick Arceneaux made a motion to accept the resignation of Vernon Rodrigue. Motion seconded by Mark Graffeo. **MOTION CARRIED**

Chairman Foster then introduced Lance Marino, Clerk in St. Charles Parish who will represent District 2 on the Board. She then administered the Oath of Office to Lance Marino.

COMMENTS BY PRESIDENT

Chairman Foster informed the Board that former Clerk of Court Orres LeBlanc, who had served on the Insurance Board a few years ago, had recently passed away and there would be a memorial for him on the coming Saturday.

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FINANCIALS: (Report on file in office) Treasurer Jim Martin presented the financial reports for Insurance operations fund for July, August and September 2012.

July 2012-	Total Assets:	\$ 303,263
	Monthly Revenue	14,555
	Monthly Expenses	(8,401)
	Monthly Net Income	\$ 6,154

Aug 2012-	Total Assets:	\$ 301,928
	Monthly Revenue	12,395
	Monthly Expenses	(13,730)
	Monthly Net Income	\$ (1,335)

Sept 2012-	Total Assets:	\$ 303,939
	Monthly Revenue	13,016
	Monthly Expenses	(11,006)
	Monthly Net Income	\$ 2,010

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

AUDIT REPORT (Audit Report on file in office)

There was a telephone conference call held with Elizabeth Fabi-Piller, auditor with Thomas Howell Ferguson. Liz thanked the Board for allowing them to perform the audit and she thanked Debbie and her staff and the staff at Hunt Insurance for making their job easy. Liz reported that it was an unqualified opinion which is the best opinion you can have. She reported that the net assets as of December 31, 2011 was \$2,780,433 as compared to the prior year \$2,220,988. She said the increase was due to the stop loss recovery in 2011 increasing by 578,000; reduction in the stop loss premium of about \$183,000; and secondly there was an expense of \$111,000 in 2010 for a Wellness program and not in 2011. She reported a 4% increase in contribution 2011 compared to 2010 and an 8% increase in health care benefits paid from the prior year. Liz reported that overall it was a very good year for the Trust; in 2010 there was an actual decrease of net assets of \$115,000 and a net increase of net assets in 2011 of \$558,000. Liz informed the Board that the IBNR for 2011 was \$1,526,427 and that number comes from the combination of the actual claims submitted and not paid and from the actuary. She stated the actuarial number comes from historical data. When Mark Graffeo asked why the IBNR was not included on the Financial Statement, Liz said it was included on the 5500 report but in accordance with GASB not on the financial statement. She said the 5500 shows \$1.2 million in net assets available for benefits. She said the actuary does not take into consideration the stop loss re-payment and that it is not a number you can quantify.

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She said that part of their testing procedures is to make sure the actuary's numbers are reasonable so they reviewed claims up through June 2012 and found the actuary's numbers to be reasonable. Liz said there were no deficiencies or management comments. Again, she expressed her appreciation to the Association staff and the staff at Hunt Insurance for their assistance. The conference call ended. Jim Martin moved that the audit report be approved. Motion seconded by Mark Graffeo. **MOTION CARRIED.**

ADMINISTRATORS' REPORT: (Report on file in office)

Tamara reminded the Board that she had proposed on the conference call that the Trust transfer from Script Care, a regional prescription company, to Express Scripts which is a national company. She said that Express Scripts brings better management and better discounts to the Trusts. Additionally, she reminded the Board that BMS, who is our current health care claims administrator, was being absorbed into BCBS and BCBS would become our claims administrator. She said this will provide for better claims payment, better disease management and better management.

Debbie Smith, Account Executive for BCBS, introduced herself stating that she had been handling the Clerks' account since 2007. Bernie Kendrick, National Director of Self-Funded Accounts, introduced himself and said that he works in conjunction with Debbie Smith to help service the Clerks' account.

Stacie Esteve, Pharmacy Account Executive, introduced herself stating that she had been with the pharmacy department for 6 years. Elizabeth Arzate, Pharmacy Operations Analyst, introduced herself stating that she had been with the pharmacy department for 16 years.

Debbie Smith stated that the Clerks' group would be transitioned from BMS to BCBS on January 1, 2013. She said it would be really good for the Trust and its members because there would be a lot more services available. Bernie explained that Blue Cross had pretty big growth opportunity so they wanted to introduce some changes. He stated that in Louisiana, the Clerks are currently in the BCBS network, but are in a rental network when out of state. Now with the transition, the Clerks will have access to the nationwide Blue Cross networks and will be able to receive some of the same discounts. Additionally, they have spent millions of dollars upgrading their Blue Cross claims system so they decided to transfer BMS business over to Blue Cross. He said the claims will continue to be administered by the same people. He said there will now be new cards that will be Blue Cross/Blue Shield cards and that will also be the same card for prescription drugs. Debbie Smith said there would be on-line discounts for members and there would also be wellness tools and on-line access to claims.

Jim Martin stated he thought this would be a positive move for the Clerks and he appreciated the service that Blue Cross had provided to the Clerks.

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Stacie Esteve discussed the many advantages of being able to integrate the pharmacy with the medical claims and having all the data in one shop. She said that having them both together provides for better health care of the members and the administrative efficiencies will lead to cost cutting. She said they offer several cost reduction programs at no charge and discussed them briefly. She informed the Board that about 20% of all Health Care cost is for prescription drugs. They suggested that the Clerks might want to start with the First Fill for Free Program for the first year. Stacie informed the Board they could start the programs at any time during the year. She told the Board there would be a smooth transition and she assured them there would be a dedicated pharmacy team to work on behalf of the Clerks' Insurance Trust. Jim Martin moved that the Board transfer from Script Care to Express Scripts. Motion seconded by Mark Graffeo. **MOTION CARRIED**

Financial Reports: Tamara Tretter gave the financial reports for the Insurance Trust for the period ending June 2012.

June 2012 Statement of Net Assets

Total Assets	\$2,483,948
Total Liabilities	<u>\$ 379,553</u>
Net Assets	\$2,104,395

Cash Analysis (as of June 2012)

Annual Funds Received	\$ 6,577,232
Annual Total Expenses	<u>\$ 6,498,116</u>
Cash Balance	\$ 1,611,734

July 2012 Statement of Net Assets

Total Assets	\$2,555,404
Total Liabilities	<u>\$ 479,006</u>
Net Assets	\$2,076,398

Cash Analysis (as of July 2012)

Annual Funds Received	\$ 7,557,039
Annual Total Expenses	<u>\$ 7,411,432</u>
Cash Balance	\$ 1,678,226

Aug 2012 Statement of Net Assets

Total Assets	\$2,531,917
Total Liabilities	<u>\$1,667,638</u>
Net Assets	\$ 864,279

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Cash Analysis (as of Aug 2012)

Annual Funds Received	\$ 8,661,915
Annual Total Expenses	\$ 8,428,148
Cash Balance	\$ 1,766,385

Investments: Tamara reported the market value of the investments as of August 31, 2012 was \$707,357.

CLAIMS EXPERIENCE: Tamara reported on the actual claims experience for 2011 and 2012.

CLAIMS EXPERIENCE - 2011

Month	Prescriptions	Medical	Monthly Totals	Aggregate
Jan 11	\$91,601	\$404,459	\$496,060	\$ 496,060
Feb 11	\$74,933	\$463,485	\$538,418	\$1,034,478
Mar 11	\$81,666	\$343,467	\$425,133	\$1,459,611
April 11	\$106,519	\$540,370	\$646,889	\$2,106,500
May 11	\$102,674	\$652,095	\$754,769	\$2,861,269
June 11	\$105,782	\$435,735	\$541,517	\$3,402,786
July 11	\$114,390	\$577,815	\$692,205	\$4,094,991
Aug 11	\$119,145	\$1,386,671	\$1,505,816	\$4,845,451
Sep 11	\$150,117	\$792,358	\$942,475	\$5,784,293
Oct 11	\$133,165	\$542,501	\$675,666	\$6,429,784
Nov 11	\$138,162	\$520,434	\$658,596	\$7,043,619
Dec 11	\$151,624	\$681,499	\$833,123	\$7,798,479

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

DENTAL CLAIMS- 2012

Date	Lives	Premiums	Claims	Ratio
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%
TOTAL	10,408	\$430,625.00	\$350,544.00	81.6%

VISION INSURANCE - 2012

Date	Lives	Premium	Claims	Ratio
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%
TOTAL	7,518	\$51,817.00	\$29,730.00	57.27%

LIFE INSURANCE:

July 1, 2008 to September 30, 2012

Earned Premiums	\$2,841,244
Paid Claims	2,238,000
Change in IBNR	142,021
Change in Reported Reserve	.0
Total Incurred Claims	2,380,21
Total Expense & Risk Charges	583,521
BALANCE	(\$122,298)

RENEWALS

Tamara reminded the Board that they had directed her to go out to market if any renewals came in as an increase. Standard had initially quoted an increase for Vision. She had received additional quotes from Advantica, Guardian and Humana and then Standard came back with an offer to maintain current price for another year. Mark Graffeo moved that the Trust remain with Standard for Vision coverage. Motion seconded by Lance Marino. **MOTION CARRIED**

She said there were no increases for life or dental insurance so there was no need for further action.

Tamara reminded the Board that the retirees had been moved to a fully funded Medicare Advantage plan which did not go over very smoothly and was changed to Medicare supplement plan initially with United Healthcare through AARP. She said that evidently the retirees were very happy with the insurance because they receive no complaints from the retirees. She said the 2013 renewal came in at about an 8.5% decrease in premiums. She said that although there was an increase in the medical coverage there was a decrease in prescription drugs which allowed for the 8.5% decrease. Bill Hodge moved that the Trust maintain the AARP Medicare Supplement for the retirees. Motion seconded by Jim Martin. **MOTION CARRIED**

Tamara presented options that had been previously discussed on the Conference call in reference to the self-funded program. She said the Board had discussed on the conference call increasing the deductible on Option 1 from \$1200 to \$1500 for single and \$2400 to \$3000 for family. Additionally, the Board had discussed increasing the deductible on Option 2 from \$500 to \$1000 for single and \$1000 to \$2000 for family. The Board had also discussed increasing out of pocket for single from \$3000 to \$4000 and for family from \$6000 to \$8000. Tamara informed the Board that the proposal in the Board books were incorrect because the correct IBNR had not been used in their calculations. She reported that the total expected claims for 2013 is \$7,966,987 which included a 2.5% decrease because of the Trust moving from Script Care to Express Scripts. The total Aggregate (which is 125% of claims) is \$9,958,734. The margin for the aggregate attachment point is \$1,991,747 and the self funded liability is \$385,000. The total projected claims of \$7,966,987 plus fixed cost (\$563,958 for both Hunt Insurance and Blue Cross) and the re-insurance premium of \$731,285 would be a total cost of \$9,262,230. The net assets of the Trust as of August 31, 2012 are \$864,279.

There was a very lengthy debate on how much the Board should increase the premiums in order to cover any exposure of the Trust. Tamara informed the Board that some good news is that Medicare became primary July 1st for the high claimant and that the Trust should be reimbursed by approximately \$100,000. In order to cover the majority of any exposure to the Trust in case of the worst case scenario, Mark Graffeo moved that the insurance premiums for Option 1 be increased by 15% and premiums for Option 2 be increased by 12%. He further moved that the deductible for Option 1 be increased from \$1200 to \$1500 for single; \$2400 to \$3000 for family; increase the deductible on Option 2 from \$500 to \$1000 for single and \$1000 to \$2000 for family; increase out of pocket for single from \$3000 to \$4000 and for family from \$6000 to \$8000. He further moved that the Board review the claims in mid-year to evaluate if the increase is adequate. Motion seconded by Jim Martin. **MOTION CARRIED**

REPORT OF THE EXECUTIVE DIRECTOR

There was no report except the update on the building which she said was the same as has been reported at the Retirement and Association Board meetings.


OTHER BUSINESS: Debbie reported that there were two offices that were refusing to use Benefit Solver to receive their monthly billings which was causing there to be additional administrative charges to the Trust. After discussion, Jim Martin moved that any parish that requires additional administrative services from Hunt Insurance in order to receive their bill be sent a bill charging an additional 10% to their total bill as of November 1st. Motion seconded by Bill Hodge. Mark Graffeo offered a substitute motion that any office requiring additional administrative services for their monthly bill be charged an additional fee of \$500. Motion seconded by Rick Arceneaux. **MOTION CARRIED.**

COMMENTS BY BOARD MEMBERS: Each member expressed their opinion on the necessary action that was taken by the Trust.

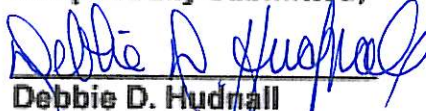
There being no further business, Steve Andrews moved that the meeting be adjourned. Motion seconded by Rick Arceneaux. **Motion carried.**

Meeting adjourned.

APPROVED:


Tammy Foster
Chairman

Respectfully submitted,


Debbie D. Hudnall
Executive Director