

## **APPROVED BOARD MINUTES**

### **LOUISIANA CLERKS OF COURT INSURANCE TRUST BOARD OF TRUSTEES MEETING MAY 26, 2011 9:00 AM PORT ALLEN, LOUISIANA**

A meeting of the Board of Trustees of the Louisiana Clerks of Court Insurance Trust was held on Thursday, May 26, 2011, Port Allen, Louisiana.

The meeting was called to order by Chairman Mark Graffeo who then asked Tammy Foster to give the invocation. Vernon Rodrigue then led the Pledge of Allegiance.

#### **MEMBERS PRESENT:**

Chairman Mark Graffeo  
Tammy Foster  
Lanell Landry  
ElRay Lemoine  
Cliff Dressel  
John Dahmer

Holli Vining  
Felicia Ann Hendl  
Vernon Rodrigue  
Diane Meaux Broussard  
Louie Bernard

Also present:

Debbie Hudnall, Executive Director  
Tamara Tretter with Willis Insurance Group

Guest:

Julian Dufreche  
Carl Broussard  
Rick Arceneaux

Doug Welborn  
Greg Brown  
Charlie Jagneaux

#### **OATHS OF OFFICE**

President Mark Graffeo administered the oath of office to Lanell Landry, Cliff Dressel, and John Dahmer.

#### **APPROVAL OF MINUTES**

Louie Bernard moved to accept the minutes of the meetings of March 3, 2011 as presented. Motion seconded by ElRay Lemoine. **Motion carried.**

#### **COMMENTS BY PRESIDENT**

President Graffeo welcomed everyone to West Baton Rouge Parish and told them that he looked forward to working with the Board members, Tamara and Hunt Insurance Group.

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**FINANCIALS: (Report on file in office)** In the absence of Treasurer Jim Martin, Debbie presented the financial reports for Insurance operations fund for February, March and April 2011.

<b>Feb. 2011-</b>	Total Assets:	\$ 246,564.86
	Monthly Revenue	22,464.00
	Monthly Expenses	( 5,755.68)
	Monthly Net Income	\$ 16,708.32

<b>Mar. 2011-</b>	Total Assets:	\$ 252,575.50
	Monthly Revenue	11,187.00
	Monthly Expenses	( 5,176.36)
	Monthly Net Income	\$ 6,010.64

<b>Apr. 2011-</b>	Total Assets:	\$ 258,504.50
	Monthly Revenue	11,223.00
	Monthly Expenses	( 5,294.00)
	Monthly Net Income	\$ 5,929.00

Tammy Foster moved that the Financial Statements be accepted. Motion seconded by ElRay Lemoine. **Motion carried.**

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

**Financial Reports:** Tamara Tretter gave the financial reports for the Insurance Trust for the period ending February, March and April 2011.

**Feb. 2011 Statement of Net Assets**

Total Assets	\$ 2,493,809
Total Liabilities	<u>\$ 1,108,141</u>
Net Assets	\$ 1,385,668

**Cash Analysis (as of February 2011)**

Annual Funds Received	\$ 2,291,912
Annual Total Expenses	\$ 1,591,714
Cash Balance	\$ 1,558,520

**Mar. 2011 Statement of Net Assets**

Total Assets	\$ 2,870,067
Total Liabilities	<u>\$ 1,482,392</u>
Net Assets	\$ 1,387,675

**Cash Analysis (as of March 2011)**

Annual Funds Received	\$ 3,619,241
Annual Total Expenses	\$ 2,324,996
Cash Balance	\$ 2,152,568

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**Cash Analysis (as of April 2011)**

Annual Funds Received	\$ 4,496,868
Annual Total Expenses	\$ 3,455,276
Cash Balance	\$ 1,899,915

**Investments:** Tamara reported the market value of the investments as of February 28, 2011 was \$703,373 and investments as of March 31, 2011 were \$602,707. Tamara furnished the Board with a copy of the Investment Policy and Guidelines.

**Claims Experience**

Month	Prescriptions	Medical	Monthly Total	Aggregate
Jan. 10	\$106,281	\$606,290	\$712,571	\$ 712,571
Feb. 10	\$ 84,748	\$485,634	\$570,382	\$1,282,953
Mar. 10	\$ 73,344	\$456,611	\$529,954	\$1,812,908
April 10	\$112,290	\$374,450	\$486,740	\$2,299,648
May 10	\$94,207	\$683,105	\$777,312	\$3,041,741
June 10	\$97,560	\$569,567	\$667,127	\$3,706,027
July 10	\$107,007	\$648,111	\$755,118	\$4,405,346
Aug 10	\$113,207	\$467,419	\$580,626	\$4,968,392
Sept 10	\$107,994	\$288,384	\$396,378	\$5,362,043
Oct 10	\$145,562	\$630,756	\$776,318	\$6,113,851
Nov 10	\$116,195	\$804,536	\$920,731	\$6,870,452
Dec 10	\$148,664	\$753,270	\$901,934	\$7,488,257
Jan. 11	\$91,601	\$404,459	\$496,060	\$496,060
Feb. 11	\$71,932	\$463,485	\$538,418	\$1,034,478
Mar. 11	\$81,666	\$343,467	\$425,133	\$1,459,611
April 11	\$107,545	\$531,360	\$638,905	\$2,067,223

Tamara said since there were several new Board members, she wanted to remind them that the Clerks' Plan is a self-funded plan and that the fund pays all individual claims up to the first \$150,000 and then there is also a corridor of \$105,000 that any claims over the \$150,000 would be paid from before the re-insurance pays. Rather than paying the \$105,000 up front to the stop loss carrier the fund takes on the risk that we may have to pay the \$105,000 and anything we don't pay out of the \$105,000 corridor is a savings to the plan. She reported that so far this year, no one has come close to the Specific Stop Loss amount. Tamara explained that additionally we have an Aggregate Stop Loss of \$9,610,556 which means that should our total claims reach that amount; the Re-Insurer would pay one million dollars over that. She explained that the \$9.6 million is what the re-insurer expects our claims to be plus 25%. She also informed the Board that the national trend is that claims increase by 12% annually.

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Tamara reported that last years' claims were not as good as we hoped and that we were due back over \$500,000 in re-insurance funds. She said that we had received all but about \$60,000 back from the re-insurer. Debbie reminded the Board that these numbers did not include the retirees who are covered by the United Healthcare AARP plan.

Tamara reported that the total population for all members in health, life and dental are 1248. Those who are retired, 65 years old and Medicare eligible must be in the United Healthcare AARP plan. Tamara presented the Board with a retiree analysis showing that by moving the retirees out of the self-funded plan there had been a great savings to the plan.

**ERRP:** Tamara reported they had been notified that the Trust will receive approximately \$156,000 from the federal program for 2010. This may be the only funds we receive.

**HEALTH ADVOCACY:** Tamara reminded the Board of the Health Advocacy program that began May 1<sup>st</sup> which covered everyone even those that only have life insurance. This will help all of the members with any medical issue they may have because they are the advocate for the consumer to help them navigate the medical world. She encouraged everyone to utilize the program and to remind their employees of the program. Debbie reminded the Board that the Administration Fund is paying \$1.00 per person per month for this program.

**Dental Insurance**

<b>Date</b>	<b>Lives</b>	<b>Premium</b>	<b>Claims</b>	<b>Ratio</b>
Jan-10	1,147	\$ 44,134.08	\$ 33,520.14	75.95%
Feb-10	1,150	44,561.05	35,724.16	80.17%
Mar-10	1,155	45,187.88	43,914.15	97.18%
April - 10	1,155	43,871.46	41,718.65	95.09%
May-10	1,155	43,686.88	42,572.37	97.45%
June-10	1,155	43,962.00	37,597.00	85.52%
July-10	1,159	43,987.00	41,584.00	94.54%
Aug-10	1,162	43,907.00	47,452.00	108.07%
Sept-10	1,159	43,873.00	40,250.00	91.74%
Oct-10	1,145	43,349.00	40,548.00	93.54%
Nov - 10	1,154	43,693.00	44,943.00	102.86%
Dec - 10	1,156	43,794.00	49,104.00	112.12%
<b>TOTAL</b>	<b>13,852</b>	<b>\$528,006.35</b>	<b>\$498,927.47</b>	<b>94.52%</b>
Jan. 11	1,163	47,193.00	42,318.00	89.67%
Feb. 11	1,167	47,272.00	38,930.00	82.35%
Mar. 11	1,150	46,630.00	46,017.00	98.69%
Apr. 11	1,150	46,569.00	34,769.00	74.66%
<b>TOTALS</b>	<b>4,630</b>	<b>\$187,640.00</b>	<b>\$162,034.00</b>	<b>86.34%</b>

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**VISION CLAIMS**

<b>Date</b>	<b>Lives</b>	<b>Premium</b>	<b>Claims</b>	<b>Ratio</b>
Jan 11	787	\$ 5,428	\$ 2,840	52.32%
Feb 11	792	5,462	2,612	47.82%
Mar 11	793	5,466	6,687	122.34%
April 11	795	5,480	9,905	180.75%
<b>TOTAL</b>	<b>3,167</b>	<b>\$ 21,836</b>	<b>\$ 22,044</b>	<b>100.81%</b>

**LIFE INSURANCE**  
**07/01/ 20008 THROUGH 4/30/2011**

Earned Premiums	\$1,842,501
Paid Claims	1,410,000
Change in IBNR Reserves	<u>137,418</u>
Total Incurred Claims	\$1,547,418
Expenses:	
Commission	\$ 71,275
Premium Tax	32,245
Other Expense and Risk Charges	<u>261,334</u>
Total Expenses	\$ 364,854
<b>Balance</b>	<b>(\$ 69,771)</b>

Tamara asked for clarification as to the practice of an employee that is rehired within 6 months, would they have to wait the 28 days to be covered by insurance. She informed the Board that the industry standard requires you to wait 28 days for coverage. The Board agreed to leave the plan as it is which would allow the person who is rehired within 6 months to have immediate coverage.

Tamara presented the Board the Actuarial Report by L&E Actuaries as of 2010 for the Insurance Trust. The report projected medical contribution increases of 8% for 2012 and 2013. She reported that the industry standard is a 12% increase. She said the actual numbers will be determined at renewal time. Debbie brought to the attention that there were some changes that needed to be made to the report because it did not include the funds that had been collected in 2011 for the 2010 plan year from the re-insurer so that could cause some adjustments in the numbers.

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Debbie said she would like to remind the Board of a few things that Hunt Insurance had brought to the Clerks to enhance the insurance program: two insurance Options from which the Clerks could choose; a High Deductible Plan which allows for Health Savings Plans; voluntary life insurance; increased life insurance options up to \$300,000; a separate health insurance plan for the retirees which had been a huge savings; Wellness Program; Vision Program; and Health Advocacy Program. Debbie said it was good to have a company that was looking out for the best interest of the Clerks.

Tamara advised the Board that Hunt Insurance will be changing their billing system to the Benefit Solver System in July. This will allow on-line enrollment for the Clerks and their deputies and would allow Clerks and deputies to make necessary changes on-line in a timely manner. Tamara said she felt the new software would be a tremendous help to the Clerks. This will also allow for quicker turnaround on billing changes. After discussion, it was decided that if possible a training session to use the new software would be scheduled on August 11<sup>th</sup> at the Clerks' Institute from 10:00 AM to Noon with lunch to follow for those in attendance.

Tamara reminded the Board that they had asked her to inquire of the carriers how it would affect the insurance plan if we changed from an annual enrollment to an open enrollment. The carriers advised that it really would have no effect. This would allow all Clerks and deputies to enroll into the health, dental or vision programs that they had not enrolled into previously. This would not include the life insurance. After much discussion, Lanell Landry moved that the Trust have open enrollment for 2012 for health, dental and vision insurance rather than annual enrollment and thereafter there would be open enrollment every four years in January following the new term of the Clerks. Motion was seconded by Felicia Ann Hendl. **Motion carried.**

**REPORT OF THE EXECUTIVE DIRECTOR**

Debbie reported that HB 270 (which requires a retiree to have at least 12 years of service before they are entitled to have the Clerk determine if they would pay all or a portion of the retiree's health insurance) had passed the House and had been assigned to Judiciary A on the Senate side.

**OTHER BUSINESS:**

Debbie reported that she had received a letter from the actuary, Bonnie Albritton, in reference to GASB 45. GASB 45 requires at least biennial actuarial valuations for plans with membership of 200 or more and triennial valuations for plans with fewer than 200 members. Total membership includes the number of employees in active service, terminated employees who have accumulated benefits but are not yet receiving them and retired employees and beneficiaries currently receiving benefits.




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The actuary advised if there have been significant changes since the last valuation that affect the results of the valuation, including significant changes in benefit provisions, the size or composition of the population covered by the plan, or other factors that impact long-term assumptions, a new valuation will need to be performed. She said that while there were not any significant changes to the plan benefits offered by the Clerks' Association, some additional analysis may be necessary for individual Clerks. For example, if a Clerk changed the plans being offered (i.e. changing from Option 1 to Option 2) or changing the percentage of the premiums that the retiree or their dependents are required to pay, additional work would be required. Debbie said the Association Board had asked her to find out from the actuary if there would be any penalties for not having any additional analysis except for the mandated reporting periods. She would notify everyone.

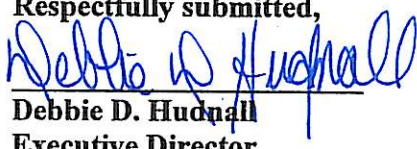
There being no further business, Cliff Dressel moved that the meeting be adjourned. Motion seconded by Tammy Foster. **Motion carried.**

**Meeting adjourned.**

**APPROVED:**

  
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**Mark Graffeo**  
**Chairman**

**Respectfully submitted,**

  
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**Debbie D. Hudnall**  
**Executive Director**