

APPROVED MINUTES
LOUISIANA CLERKS OF COURT INSURANCE TRUST
BOARD OF TRUSTEES MEETING
AUGUST 29, 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, August 29, 2019 in Baton Rouge, LA.

The meeting was called to order by President Brian Lestage. Randy Briggs then gave the invocation and Annette Fontana led the Pledge of Allegiance.

MEMBERS PRESENT:

President Brian Lestage
Bridget Hanna
Darlene Landry
Annette Fontana
Randy Deshotel
Randy Briggs
Amy Patin
Steve Andrews
Dot Lundin
Debbie Hudnall, Executive Director

ABSENT:

Rick Arceneaux
Susan Racca
Holli Vining
Laura Culpepper

ALSO PRESENT: Kim Turlich-Vaughan, Robin Hooter, Jeff Skidmore, Chris Kershaw, Dagmar Hebert, Kim Breard, Ron LaBorde, Lana Labourdette, and Ryan Hamilton with Gallagher Insurance.

6th DISTRICT MEMBER APPOINTMENT: President Lestage announced that Randy Deshotel would fill the term for the 6th District which was recently vacated by the previous Clerk who had retired.

OATH OF OFFICE: President Lestage administered the oath of office to Randy Deshotel (6th District Member) and Amy Patin (8th District Member).

APPROVAL OF MINUTES: A motion was made by Randy Briggs to approve the minutes of the meeting held on May 23, 2019. The motion was seconded by Randy Deshotel. **MOTION CARRIED.**

FINANCIALS: (Report on file in office) Controller Chris Kershaw reported on the July 2019 financial statements. He stated the IBNR would be adjusted at the completion of the audit. He also noted the Trust was running close to budget with both revenues and claims.

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July 2019

Total Assets \$ 8,529,783
 Total Current Liabilities \$ 280,367
 Incurred but Not Reported \$ 782,980

Total Revenues \$ 1,146,748
 Total Claims & Admin (\$1,140,971)
 Gross Profit \$ 5,777

Total Expenses (\$ 46,728)
 Total Other Income \$ 11,690
 Net Income (\$ 29,261)

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

GALLAGHER INSURANCE:

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

Ron LaBorde reviewed the Medical plan cost through July 2019. He noted the increase in claims for the months of April, June and July. Claims are running above trend and approximately \$1.4 million more than the prior year. Ron reported the per employee per month (PEPM) cost is 23% higher than 2018. There was an increase in in-patient medical claims of 53% from 2018 to 2019. Spouse claims have increased, but the subscriber (employee) still drives the bulk of the claims. He also reported that the PPO (Option 2) plan does have a higher cost per employee than the HDHP (Option 1) plan but is in-line with industry standards.

MEDICAL AND PRESCRIPTION CLAIMS EXPERIENCE – 2019

| | Enrolled | Admin | Stop Loss | Medical | RX | Ineligible | Claims Paid | Plan Cost | PEPM |
|--------------|--------------|-----------------|------------------|--------------------|--------------------|--------------|--------------------|--------------------|--------------|
| Jan | 1,071 | \$4,402 | \$45,655 | \$515,671 | \$162,946 | -\$43 | \$678,954 | \$728,716 | \$680 |
| Feb | 1,071 | \$4,402 | \$45,856 | \$548,894 | \$172,103 | -\$352 | \$721,330 | \$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 | \$1,012 | \$934,870 | \$986,220 | \$920 |
| May | 1,075 | \$4,432 | \$46,108 | \$440,254 | \$188,560 | \$77 | \$628,736 | \$679,276 | \$632 |
| June | 1,072 | \$4,423 | \$45,916 | \$710,056 | \$235,938 | (\$108) | \$946,103 | \$996,441 | \$930 |
| July | 1,068 | \$4,403 | \$45,754 | \$675,025 | \$216,351 | \$0 | \$891,377 | \$941,533 | \$882 |
| TOTAL | 7,507 | \$30,929 | \$321,257 | \$4,117,426 | \$1,373,060 | \$956 | \$5,489,805 | \$5,842,727 | \$778 |

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Ron continued his report stating that even though several larger claim months had occurred the plan is running at 75% of the aggregate figure. It is not expected that the Trust will reach that aggregate number this plan year. He noted the difference from the 2018 plan year's number of 60.1%, which was attributed to lower claims.

Ron then reviewed the large claimants that are being monitored. He reminded the Board that the Trust picks up the first \$180,000 and then up to \$475,000 before reimbursement from the stop loss carrier is received.

Ron reviewed the pharmacy claims noting specialty drugs accounting for 26% of the cost. He stated that BCBS and industry trends forecast an increase in specialty drugs. He then reviewed the medical claims by parish.

Dental Claims Experience (on file in office):

Ron reported on the dental claims through July 2019. The loss ratio is 93.7%, with costs running close to premiums, as compared to 2018 plan year end with a loss ratio of 95%. There may be an increase in the loss ratio as utilization typically increases prior to the beginning of the school year. There is no expectation of a large dental premium increase for 2020.

DENTAL CLAIMS- 2019

| | Enrolled | Paid Claims | Admin | Plan Cost | Premiums | Loss Ratio | PEPM |
|--------------|--------------|------------------|-----------------|------------------|------------------|-------------------|---------------------|
| Jan | 1,382 | \$46,902 | \$3,814 | \$50,716 | \$60,980 | 83.1% | \$36.70 |
| Feb | 1,383 | \$54,028 | \$3,817 | \$57,290 | \$61,234 | 94.4% | \$41.83 |
| Mar | 1,388 | \$58,937 | \$3,831 | \$62,414 | \$61,358 | 102.2% | \$45.22 |
| Apr | 1,381 | \$54,783 | \$3,812 | \$58,202 | \$61,146 | 95.7% | \$42.43 |
| May | 1,385 | \$63,886 | \$3,823 | \$67,708 | \$61,474 | 110.1% | \$48.89 |
| June | 1,384 | \$47,914 | \$3,820 | \$51,733 | \$61,316 | 84.4% | \$37.38 |
| July | 1,383 | \$48,702 | \$3,817 | \$52,519 | \$61,122 | 85.9% | \$37.97 |
| TOTAL | 9,686 | \$375,151 | \$26,733 | \$401,884 | \$428,854 | 93.7% avg. | \$41.49 avg. |

Ancillary Product Experience (on file in office):

Ron then reviewed the product lines of coverage for Quarters 1 and 2 with the Standard including Basic, Voluntary, Dependent and AD&D Life coverages; Short and Long-Term Disability and Vision. He noted improving experience with all lines of coverage except for AD&D, providing the expectation of a good renewal projection.

| | Basic Life | Voluntary Life | Dependent Life | AD&D | Short Term Disability | Long Term Disability | Vision |
|-----------------------------|------------|----------------|----------------|-----------|-----------------------|----------------------|-----------|
| Premium | \$ 508,741 | \$ 56,270 | \$ 14,078 | \$ 30,796 | \$ 36,880 | \$ 35,014 | \$ 49,518 |
| Claims | \$ 180,000 | (\$2,277) | (\$10) | (\$1,646) | \$ 13,691 | \$ 6,631 | \$ 32,225 |
| Fees, Taxes and Commissions | \$ 106,718 | \$ 11,534 | \$ 2,872 | \$ 6,096 | \$ 12,166 | \$ 12,603 | \$ 15,211 |
| Loss Ratio | 56.4% | 16.5% | 20.5% | 25.1% | 70.1% | 54.9% | 95.8% |

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2018 Audit Report (on file in office) – At this time, Russell Perkins with Thomas, Howell, Ferguson joined the meeting via conference call at 9:30 am to present the draft audit report and financial statements for the fiscal year end December 31, 2018. He reported that even though the financial statements are in a draft format, there will not be any changes to those numbers although they are waiting on several compliance items to finalize the report and the Form 5500. He reported no significant deficiencies or material weaknesses. He further reported that the plan is well capitalized. There were no substantial changes to the notes as no accounting standards have changed. Russell stated that the Trust received the highest opinion you can receive on the 2018 audit report. He reported on the diversification of assets and said there were no findings. Russell stated that a report to those in charge of governance will be provided stating that there were no unposted adjustments, no disagreement with management. He reported they were satisfied with the IBNR number from Gallagher and with the qualifications from the actuary.

Debbie Hudnall commented on the history of the Trust, at one point in time being close to bankrupt and now in a position with a surplus. There was discussion on the lack of cooperation from Hunt, in that, information for the audit was slow to be submitted or not submitted at all. Chris Kershaw stated that Gallagher was able to provide much of the information needed and appreciated the professional relationship the Trust has with Gallagher.

A motion was made by Darlene Landry to approve the audit report and draft financials statements as presented without any changes. The motion was seconded by Randy Deshotel. **MOTION CARRIED.**

Renewals: Kim Breard reported working closely with the underwriters to look at projections for 2020 reviewing claims data, removing large claimants moving off the BCBS plan and comparison to trends. Gallagher is also looking at plan changes (co-pays, deductibles, out of pocket). She reported that with pharmacy claims running above trend there would be a possible option to move from an open formulary to a closed formulary. A closed formulary would require certain drugs with a generic option, quantity limits and step therapy. She noted that 80% of BCBS business has a closed formulary. With the expectation of increased costs of drugs in the future having these controls in place could mitigate the cost to the plan.

Closed Formulary: Gallagher had BCBS provide numbers as to the affect on the plan. Of the 1800 members enrolled, 1,739 would have no impact with the change to a closed formulary and 67 members would be impacted. BCBS requires 90 days to implement in order to communicate the change to the impacted members. Gallagher can provide a list of the drugs affected. Ron explained that there are overrides in place and prior authorization for the medical necessity requirement. Annette Fontana asked how the change to a closed formulary would impact the pharmacy network that is currently utilized.

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Kim explained there would be no change to the network from a retail standpoint, however, certain specialty drugs would require the use of a certain BCBS pharmacy. There would be no mandatory mail order requirement. Gallagher will provide a projection of the cost savings along with a list of the affected drugs. This change can be done at any time, not just at renewal, but BCBS requires a certain time period to implement. Amy Patin questioned if the plan chose to move to a closed formulary, could it move back to the open formulary if the closed one wasn't sufficient. Kim stated that could be done.

Ron stated that there will be a need for a conference call to discuss renewals once all the information has been received.

Lana Labourdette reported that a preliminary flat renewal has been received from the Standard. Gallagher is currently doing a contract analysis especially on the disability line of coverage. Lana further discussed the Medicare Supplement and Part D renewals explaining that the AETNA renewal received was not promising. However, Gallagher is looking into all possible options for retirees including an Advantage plan offered by Blue Cross Blue Shield. Lana also commented on a CMS regulation regarding plan changes for retirees turning 65 in 2020. Plan F would no longer be available. Plan G is an option, where the only difference is the retiree would be responsible for the Part B deductible. Individual rates would be available in October 2020. Based on the 2019 rates, Plan G is less because the plan isn't as extensive as the current Plan F.

Updated Service Plan/Timeline: Lana Labourdette presented an updated timeline for 2019 and the current projects in progress including focus on renewals, projections and well being in quarter 3. She also explained that monthly "how-to" emails were being sent in regards to the benefits connect system.

Compliance Gap Analysis: Lana updated the Board on her work with the compliance department to ensure that the Trust is compliant with all benefit regulations including, COBRA, HIPAA, ERISA, and Section 125. She commented on the possibility of a WRAP document for the Trust or on the individual parish level. This analysis should be completed within the next few weeks and will be presented at the next Board meeting and/or conference call.

Clinical Trial: Kim Breard explained to the Board regarding a specific situation brought to Gallagher's attention regarding a member's participation in a cancer clinical trial. After further research, the Trust is considered a "non-grandfathered" plan and is required by health care reform to cover certain clinical trials including those surrounding cancer. The provision language in the plan document had been removed by mistake and BCBS has made the correction and updated 2018 plan documents have been prepared. She commented further that having the member covered by the clinical trial

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will bring a savings to the Trust as the Trust pays for the cost of some of the member's prescriptions. BCBS is reviewing the claims to provide a possible impact report for other members.

Annette Fontana commented on last year's open enrollment and the short time frame. Kim explained that the process this year would be much smoother.

EXECUTIVE DIRECTOR REPORT:

Gallagher Consulting Agreement – Debbie informed the Board that this agreement is nearing finalization. She expects this to be completed in the next week or so.

COBRA Contract – Debbie informed the Board that this contract with CPI had been finalized and CPI is now handling the administration of COBRA for the Trust.

2019 Participation Agreement - Debbie stated that the participation agreement for the 2019 plan year is currently in review with the attorney due to language revisions for the COBRA administration. She reminded the Board of the Clerks' responsibility to timely enter information on life events into the Benefits Connect system. After approval of the attorney, the agreement will be forwarded to each Clerk.

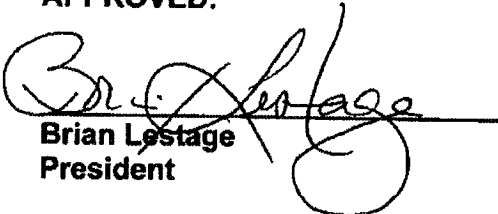
OTHER BUSINESS: None

COMMENTS BY BOARD MEMBERS: President Brian Lestage welcomed the new members to the Insurance Board.

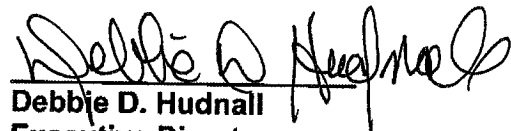
There being no further business, Steve Andrews moved that the meeting be adjourned. Motion seconded by Amy Patin. **MOTION CARRIED.**

Meeting adjourned.

APPROVED:


Brian Lestage
President

Respectfully submitted,


Debbie D. Hudnall
Executive Director