

PROPOSED MINUTES

LOUISIANA CLERKS OF COURT INSURANCE TRUST BOARD OF TRUSTEES MEETING DECEMBER 5, 2019 9:00 AM NATCHITOCHES, LA

A meeting of the Board of Trustees of the Louisiana Clerks of Court Insurance Trust was held on Thursday, December 5, 2019 in Natchitoches, LA.

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

MEMBERS PRESENT:

President Brian Lestage	Randy Deshotel
Bridget Hanna	Randy Briggs
Rick Arceneaux	Amy Patin
Darlene Landry	Steve Andrews
Susan Racca	Dot Lundin
Holli Vining	Debbie Hudnall, Executive Director
Laura Culpepper	

ALSO, PRESENT: Kim Turlich-Vaughan, Cherie Lott, Jason Harris, Johnny Crain, Jr., Diane Meaux Broussard, Charles Jagneaux, Chris Kershaw, Dagmar Hebert, Kim Breard, Ron LaBorde, and Lana Labourdette with Gallagher Insurance.

ABSENT: Annette Fontana

APPROVAL OF MINUTES: A motion was made by Steve Andrews to approve the minutes of the meeting held on August 29, 2019 and conference calls held on October 2 and 28, 2019. The motion was seconded by Randy Briggs. **MOTION CARRIED.**

FINANCIALS: (Report on file in office) Rick Arceneaux presented the financial report as of October 31, 2019.

October 2019

Total Assets	\$ 8,458,993
Total Current Liabilities	\$ 91,955
Incurred but Not Reported	\$ 751,845
 Total Revenues	 \$ 1,142,292
Total Claims & Admin	(\$1,020,710)
Gross Profit	\$ 121,582
 Total Expenses	 (\$ 25,422)
Total Other Income	\$ 16,082
Net Income	\$112,242

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

AUDIT PROPOSAL: Debbie Hudnall informed the Board that the previous years audits have been conducted by Thomas, Howell, Ferguson (THF). Since the Trust has moved to Gallagher, it would be necessary to find an auditor in Louisiana instead of using a firm based in Florida. Debbie received a 3-year proposal from Duplantier, Hrapmann, Hogan and Maher (DHHM). The fee is more than the previous audit firm. DHHM expressed concern that previous year audits were insufficient, and that individual parish census data testing was required. The audit fee would be \$16,750 plus an additional \$2,500 per parish (3) for the census testing for a total fee of \$24,250. The previous year audit with THF was \$15,000. DHHM also stated that there may be need the for additional actuary work required due to FASB. Debbie explained that the DHHM proposal is a 3-year rate but would like to research other local audit firms. Debbie requested the Board approve an amount for the audit up to \$25,000. A motion was made by Bridget Hanna to approve an amount for the 2019 audit up to \$25,000 and authorize Debbie Hudnall to enter into a contract with the audit firm chosen. The motion was seconded by Amy Patin. **MOTION CARRIED.**

2020 BUDGET PROPOSAL (Exhibit A): Controller Chris Kershaw presented the attached budget handout and reported on the estimated financial outlook through December 31, 2019. He noted the differences between the estimated year end as compared to the adopted 2019 budget. He then reviewed the proposed 2020 annual budget. After discussion, a motion was made by Rick Arceneaux to adopt the 2020 budget as presented. Motion was seconded by Randy Briggs. **MOTION CARRIED.**

GALLAGHER INSURANCE: Kim Breard expressed appreciation for the opportunity to work for the Trust.

Medical and Prescription Claims Experience (on file in office):
Ron LaBorde reviewed the Medical plan cost through October 2019.

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
August	1,067	\$4,407	\$45,613	\$548,336	\$236,212	(\$1)	\$784,550	\$834,569	\$782
Sept	1,067	\$4,407	\$45,635	\$583,102	\$242,956	\$0	\$826,058	\$876,099	\$821
Oct	1,065	\$4,414	\$45,479	\$576,156	\$234,515	\$387	\$810,283	\$860,177	\$808
TOTAL	10,706	\$44,156	\$457,985	\$5,825,020	\$2,086,743	\$755	\$7,911,088	\$8,413,573	\$786

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Ron pointed out that per employee per month plan cost comparison shows a 22% increase in RX claims from 2018 to 2019. Debbie reminded the Board members that Gallagher had presented the option of moving to a closed formulary but the cost savings at the time was not significant to offset the members affected. There was discussion as to what caused the increase and Ron explained it was more utilization of specialty drugs that affect the plan. There was discussion regarding telehealth and the digital medicine trend.

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 corridor before reimbursement from the stop loss carrier is received. Several claimants have exceeded the deductible and now are paying into the corridor. Gallagher projects that the plan will not reach the aggregate minimum attachment point.

Ron reviewed the pharmacy claims noting specialty drugs accounting 1.3% of the pharmacy counts. 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 October 2019. The loss ratio is 90.4%, He noted that the surplus has increased which has allowed for the rate hold 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
Aug	1,386	\$42,269	\$3,825	\$46,094	\$61,068	75.5%	\$33.26
Sept	1,384	\$44,665	\$3,820	\$48,485	\$60,914	79.6%	\$35.03
Oct	1,381	\$52,324	\$3,812	\$56,136	\$60,854	92.2%	\$40.65
TOTAL	13,840	\$514,408	\$38,198	\$552,607	\$611,588	90.4%	\$39.93 avg.

Ancillary Product Experience (on file in office):

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

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	Basic Life	Voluntary Life 06/30	Dependent Life	AD&D	Short Term Disability	Long Term Disability	Vision
Premium	\$ 935,288	\$ 56,720	\$ 23,199	\$ 54,424	\$ 59,635	\$ 61,024	\$ 80,207
Claims	\$ 577,943	(\$ 2,277)	(\$ 9,987)	(\$ 1,621)	\$ 20,262	\$ 15,634	\$ 51,598
Fees, Taxes and Commissions	\$ 270,392	\$ 11,534	\$ 6,732	\$ 15,107	\$ 21,234	\$ 8,906	\$ 25,021
Loss Ratio	90.7%	16.5%	72.1%	30.7%	69.6%	40.2%	95.5%

Ron continued his report with a comparison to show that the pharmacy spend for the Trust is out-performing BCBS's self-funded business largely driven by lower cost specialty drugs and higher generic usage. He also reviewed the increase spend in specialty drugs as compared to the previous year primarily driven by usage as the cost of the specialty drugs has decreased slightly.

2020 Renewal/Enrollment Update: Lana Labourdette provided an update to the Board on the transition of Retirees from the ARRP Supplement/AETNA RX to the new UHC Medicare Advantage Plan. Letters have been mailed to 328 retirees requesting they disenroll in the AARP plan. As of this date, only 80 still need to disenroll. Gallagher will reach out to the parish Clerks to get additional assistance in reaching out the remaining retirees. UHC will have cards delivered prior to January 1st. Charlie Jagneaux asked several questions regarding the new plan and there was discussion regarding Medicare and retirees turning age 65.

Ron informed the Board that Amy Jones at the Selma office will be providing a deduction register ahead of the January invoice to each parish for payroll withholding purposes. Lana reminded the Board members to update salary information if enrolled in the short term and/or long-term disability.

Updated Service Plan/Timeline: Lana Labourdette presented an updated timeline for 2019 noting that all items had been met on the timeline.

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 reported that the Trust as a whole is in compliance but at the parish level there are certain requirements that have to be met because each clerk offers different plans and contributes different amounts. There is also additional non-discrimination testing, leave policies, and wellness program compliance, if offered.

Appeal: Lana brought to the Board's attention an appeal that had been received from BCBS. She explained that Gallagher is waiting on additional information from the provider and BCBS regarding the procedure for obesity surgery. There is an issue with the member's BMI and discrepancies with the pre-op date. Lana will update the Board once more information is received.

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EXECUTIVE DIRECTOR REPORT: Nothing to report at this time.

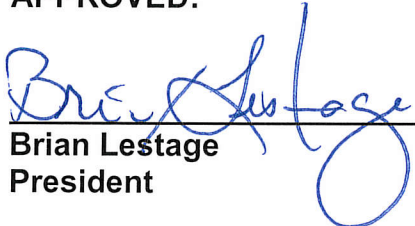
OTHER BUSINESS: None

COMMENTS BY BOARD MEMBERS: President Brian Lestage thanked Gallagher for their sponsorship of the previous evening's social.

There being no further business, Bridget Hanna moved that the meeting be adjourned. Motion seconded by Rick Arceneaux. **MOTION CARRIED.**

Meeting adjourned.

APPROVED:



Brian Lestage
President

Respectfully submitted,



Debbie D. Hudnall
Executive Director

LCCIT						
Budget for 2020 and 2019						
	Thru 10/31/2019	Nov 2019	Dec 2019	CY 2019	2019	2020
	YTD -					Annual
	Actual	Estimate	Estimate	Projected	Budget	Budget
Revenues						
Income - Medical	\$ 8,445,295	\$ 840,920	\$ 840,920	\$ 10,127,135	9,860,000	10,688,000
Income - Medicare Supplemental	633,751	64,002	64,002	761,755	727,000	810,000
Income - Medicare Rx	548,800	56,175	56,175	661,150	632,000	0
Income - Life	1,007,885	100,207	100,207	1,208,299	1,181,000	1,177,000
Income - Dental	613,933	61,062	61,062	736,057	713,000	730,000
Income - Disability	114,907	11,705	11,705	138,317	125,000	139,000
Income - Vision	82,391	8,221	8,221	98,833	97,000	99,000
Total Revenues	11,446,962	1,142,292	1,142,292	13,731,546	13,335,000	13,643,000
Claims and Claims Admin						
Claims - Medical	6,524,150	817,925	817,925	8,160,000	7,700,000	8,639,400
Claims - Prescription	1,174,655	192,673	192,672	1,560,000	1,685,000	1,524,600
Claims - Dental	514,408	51,196	51,196	616,800	670,000	658,000
Claims - Subrogation Recovery	0	0	0	0	0	0
Stop Loss Premiums	458,072	41,666	41,666	541,404	500,000	468,000
IBNR - Medical Exp	0	0	0	0	0	0
IBNR - Dental Expense	0	0	0	0	0	0
Claims Adm - Medical	44,165	4,167	4,167	52,499	50,000	62,500
Medicare Suppl - AARP	691,574	61,250	61,250	814,074	735,000	810,000
Medicare Rx - Aetna	601,485	55,417	55,417	712,319	665,000	0
Claims Adm - Dental - Delta	38,259	3,750	3,750	45,759	45,000	46,000
Claims Adm - Vision - Standard	80,275	7,500	7,500	95,275	90,000	99,000
Premium Exp - Life & AD&D	1,009,367	91,667	91,667	1,192,701	1,100,000	1,177,000
Premium Exp - Disability	113,235	3,250	3,250	119,735	39,000	139,000
Total Claims and Claims Admin	11,249,645	1,330,461	1,330,460	13,910,566	13,279,000	13,623,500
Gross Profit	197,317	(188,169)	(188,168)	(179,020)	56,000	19,500
Expenses						
Trust Admin Fees	203,000	14,500	14,500	232,000	246,387	242,945
Audit & Tax	9,992	2,398	4,050	16,440	15,725	25,000
Bank Fees	5,901	200	200	6,301	4,800	6,500
Bonds & Insurance	13,532	0	0	13,532	15,000	15,000
Legal	4,860	250	250	5,360	5,000	6,000
Meeting Exp	1,422	295	1,500	3,217	5,500	5,500
Office Supplies	250	0	0	250	1,050	1,050
Other Prof Fees / Actuary	9,050	0	0	9,050	1,000	12,000
PCORI Fee	3,896	0	0	3,896	4,200	0
Postage	0	0	1,000	1,000	1,088	1,000
Reimb to Assn	60,000	6,000	6,000	72,000	72,000	84,000
Rent - Ret Bldg	9,367	948	948	11,263	11,250	11,250
Travel / Per Diem	2,396	530	0	2,926	5,000	5,000
Total Expenses	323,666	25,121	28,448	377,235	388,000	415,245
Other Income						
Interest Earned	152,556	13,570	13,570	179,696	44,000	130,000
Net Appr (Depr) on Investments	40,406	2,364	2,364	45,134	44,000	0
Other Income	192,962	15,934	15,934	224,830	88,000	130,000
Net Income (Loss)	66,613	(197,356)	(200,682)	(331,425)	(244,000)	(265,745)