-original minutes

MINUTES

PCF OVERSIGHT BOARD

January 6, 2011

WOMAN'S HOSPITAL
BATON ROUGE, LA.

Mr. Clark Cossé Chairman convened the meeting of the Patient's Compensation Fund Oversight Board, at 6:30 PM on Thursday January 6, 2011, at the Woman's Hospital Corporate Board Room in Baton Rouge.

The following Board Members were in attendance:

Mr. Clark Cossé	Dr. John LaCorte
Mr. Jim Hritz	Mr. Joe Donchess
Dr. Katharine Rathbun	Mr. Kent Guidry
Mr. Manual DePascual	Dr. Van Culotta

The following Board Member was absent:
Dr. Melanie Firmin

Others present:

Mrs. Lorraine LeBlanc	Mrs. Barbara Woodard
Mr. Ken Schnauder	Mr. Dave Woolridge
Mr. Adam Thames	Ms. Sharon Knight
Mr. John Morgan	Ms. Joan Burmaster
Mr. Ward Blackwell	Dr. Thomas Grimstad

Mr. Cossé called the meeting to order and asked that the record reflect eight Board Members were in attendance and a quorum was present. Mr. Cossé welcomed the guests to the meeting and asked all present to introduce themselves.

Mr. Cossé asked for public comments. No public comments were made.

Mr. Cossé called for the approval of the December 2, 2010 minutes. Dr. Rathbun moved for the minutes to be approved and Dr. Culotta seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes.

Mr. Cossé asked for an overview of the financial reports. Mrs. LeBlanc informed the Board that claim expenses were lower than this time last year and that the operating budget was going as planned. Although expenditures were at the half way mark, they were in line with the normal operating expenses. Mrs. LeBlanc stated that net surcharge collections to date were approximately $74,051,706 and the filing fees were $144,300. She informed the Board that due

to the reduction in rates, the revenue collected is lower than this time last year; however, the fund balance was strong at approximately $633,745,844. Mrs. LeBlanc informed all attending the meeting that the PCF financial information would be available on the website by Friday afternoon. Mr. Cossé asked if there were any other questions regarding the financial reports. Dr. Culotta asked for a projection on the unfunded liability and Mrs. LeBlanc stated applying the IBNR from the last actuary report the UAL would be around $150,000,000 or less.

Mr. Cossé asked for the claim manager's report. Mr. Schnauder reported that because of the holidays, December was a slow month. He reported that the claims section had opened 157 claim files and closed 120. The total pending claims is now 4,933. Thirty-one of those closed last month were with payment. Mr. Schnauder reported there are now 174 open future medical cases. He informed the Board that 25 claims were being presented at this meeting for approval totaling $8,492,800. Mr. Schnauder reported during 2010 legal expenses were around $3,000,000 which is the lowest amount in years. The judicial interest rate was now 4%, which is up ¼% from last year. Settlements totaled approximately $52,000,000 to date and he doubted that all of the $135,000,000 would be paid out this fiscal year. He felt no request for additional funding would be needed. Mr. Cosse asked if there were any other questions regarding the claim manager's report. There were none.

Mr. Cossé informed all attending the meeting that drafting of legislation on the PCF investments had begun. He further stated the Board has a fiduciary responsibility to be good stewards of the fund money. He suggested the PCF track statutory language of other like groups as it should be easier to get a bill passed if the PCF had investment guidelines somewhat like the other Boards. He felt the guidelines should allow some flexibility. Mr. Donchess stated the Board should take a conservative approach and use the language of 'up' to a certain percentage to allow for flexibility. Mr. Cossé informed all that a draft of the legislation would be brought to the February Board meeting for discussion and review.

The discussion then turned to efforts the Board should take to ensure the funds are protected. The first step to this was the legislation that moved the PCF to an off-budget agency. Mr. Cossé informed the Board that there was another bill being drafted. It would protect the PCF from any type of raid of the funds by the State. Dr. LaCorte questions how the State could take money that was private money. Mr. Cossé stated the way the statues read, the government did have the authority to take the money. Mr. Woolridge stated that the statute refers to the money as private; but needs to be clarified and constitutionally protected. Mr. Cossé stated if the Legislature gets in a bind they could borrow money from a fund balance and this has occurred in the past, not with the PCF's funds though. Dr. Culotta stated that perhaps the Board should expend resources to inform the public of the action the Board would be taking to protect the fund. Mr. Donchess stated that there are different organizations that should step up to the table and share in the public announcements or advertising. Mr. Cossé stated that there should be no opposition and that the LHA would be willing to help and share the expenses. Mr. Woolridge reminded the Board that money from the fund could not be spent on any advertising that could be construed as lobbying. Mr. Cossé remarked that once word gets out that patient's rights are being protected with the legislation, he did not think there would be much opposition. Mr. Cossé stated there is a PCF wish list compiled over the years and it will be provided at the next board meeting. Conversations with Representative Edwards indicated he is considering re-introducing his bill as

it was presented in the 2010 Session. Discussions have taken place with LHA and LNHA representatives, but no conclusions or decisions were made as all are still waiting for information from the actuaries and underlying insurers as to the possible impacts of the various scenarios.

At this point, Mr. Cossé asked if there were any public comments or questions. There were none. Mr. Cossé thanked the guests for attending the meeting.

Dr. Culotta then motioned for the Board to move into the Executive Session and Mr. Guidry seconded the motion. The vote was unanimous and the Board moved into Executive Session to discuss matters of litigation.

Clark R. Cossé

Mr. Clark Cossé III, Chairman

March 3, 2011