MINUTES

PCF OVERSIGHT BOARD

June 2, 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 June 2, 2011 at the Woman's Hospital Corporate Board Room in Baton Rouge.

The following Board Members were in attendance:

Mr. Clark Cossé
Dr. Katharine Rathbun
Dr. Van Culotta
Dr. William LaCorte
Mr. Kent Guidry
Mr. James Hritz
Dr. Melanie Firmin

The following Board Member was absent:

Mr. Manual DePascual
Mr. Joe Donchess

Others present:

Mrs. Lorraine LeBlanc
Mr. Ken Schnauder
Mrs. Sharon Knight
Mr. John Morgan
Dr. Rebekah Gee
Ms Annalilse Nelson
Mrs. Barbara Woodard
Mr. Dave Woolridge
Mr. Adam Thames
Mrs. Lynn Duszynski
Mr. John Daniel
Ms. Brenda Lopiccolo

Mr. Cossé called the meeting to order and asked that the record reflect seven 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 May 5, 2011 minutes. Mr. Hritz moved for the minutes to be approved and Dr. Culotta seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes.

Mrs. LeBlanc introduced Dr. Rebekah Gee to those present. Dr. Gee is an OB/GYN physician working with LSU and Public Health. The Quality Health Care Initiative is looking at the way Medicaid works relative to women's health care and creating private/public partnerships to improve care rendered to pregnant women. Concerns include the frequency of elective c-sections and inductions as up to 30% of these are felt to the unnecessary. Both of these practices are costly and have higher risks. Hospitals and physicians are being asked to stop the practice of non-necessary c-sections prior to 39 weeks. A large number of these women are Medicaid recipients. Positive incentives are needed to encourage participation, such as rate reductions for attending CME classes relative to these issues. She is working with the March of Dimes and LAMMICO and wants to see if there is an opportunity for the PCF to also participate in such a program. There was discussion concerning the ability to determine the connection to the attendance of such CME classes and a reduction in the number of claims and payments by the PCF due to unnecessary c-sections and inductions. While there is certainly a desire to encourage good patient care in all areas, measurable results would seem to be needed before offering discounts in rates. And should CME classes and discounts be offered to other specialties? It was determined that Dr. Culotta and Dr. Rathbun would work with Dr. Gee and make some recommendations to the Board at a later date.

The next item taken up was the presentation by Chase Bank. There were three representatives from J. P. Morgan/Chase present. They passed out packets to the Board members which contained a great deal of information about the company and their investment teams. They informed the Board that they work with institutions and large groups. The work with the client to develop an investment strategy that best suits the client's needs and funds. They can bring a global company to the Board at a local level. They do not take a cookie cutter approach, but develop a plan that best fits the risk tolerance and objectives of the client. They have excellent reporting capacity and keep the client fully informed at every step. Mr. Cossé stated the Board wanted liquidity with some of the investments and yield with others, but would need expert advice. He thanked the representatives for their presentation and information.

Mr. Cossé asked for the financial and budget reports. Mrs. Woodard went over the financial report with the Board. The year to date surcharge and filing fee collections were approximately $153,479,891 and interest earned was approximately $8,445,742. Expenditures were as expected and the claims balance was about $36,000,000. Mr. Guidry asked how the collections now and at the same time last year compared. Mrs. Woodard stated that about $171,000,000 had been collected by the end of June 2010 compared to the $153,000,000 collected to date. Operating expenses will exceed the expected amounts in some categories and money will be moved from other areas to ensure payroll and contractual obligations are met. Mr. Cossé asked if there were any questions regarding the financial reports. There were none.

Mr. Cossé asked for the claims report. Mr. Schnauder stated May was an excellent month. More claims were closed than opened and the total number of open claims remains under 5,000. There is approximately $36,000,000 left in the claims budget which is sufficient for the fiscal year. Tonight, 23 proposed settlements will be discussed totaling approximately $4,700,000, with an average payment of $175,000. The amount paid for the last three months is about half of what was paid during the same time last year. Litigation expenditures were down slightly, but interest

paid was up due to several judgments. Mr. Cossé asked if there were any questions from the public and there were none.

Next, Mr. Cossé went over legislation involving the PCF. HB 69, HB 287 and HB 341 all passed the House and are in Senate Finance Committee. Mr. Cossé informed those present that the Chairman of the committee has been asked by the authors to schedule the bills for a committee hearing. There have been no problems encountered with any of the bills. The changes in the bills should improve the PCFOB's functions. SB 61, which called for a constitutional amendment to allow the Legislature to set a cap failed in Judiciary A by a vote of 4 to 2.

Mr. Cossé informed the members that the actuary was not available July 7th, but was available July 14th and July 21st. Dr. LaCorte moved that the meeting be scheduled for July 14th, Dr. Firmin seconded the motion and by a unanimous verbal vote the motion carried. Notice of the change will be sent to all the interested parties on the PCF board meeting notice list and will be posted on the PCF website.

Mr. Cossé asked if there were any public comments. There were none.
Mr. Cossé thanked the guests for attending the meeting.

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

Mr. Clark Cossé III, Chairman