MINUTES

PCF OVERSIGHT BOARD

December 1, 2011

WOMAN'S HOSPITAL PHYSICIAN'S TOWER
BATON ROUGE, LA.

Mr. Clark Cossé, Chairman convened the meeting of the Patient's Compensation Fund Oversight Board, at 6:30 PM on Thursday, December 1, 2011.

The following Board Members were in attendance:

Mr. Clark Cossé	Mr. James Hritz (arrived slightly late)
Dr. Katharine Rathbun	Mr. Kent Guidry
Mr. Joe Donchess	Dr. Melanie Firmin (left prior to Executive Session)
Dr. Van Culotta	Mr. Manuel DePascual

The following Board Members were absent:
Dr. William LaCorte

Others present:

Mrs. Lorraine LeBlanc	Ms. Lori Pierce
Mr. Ken Schnauder	Lynn Duszynski
Ms. Barbara Woodard	Ms. Sharon Knight
Mr. Dave Woolridge	Mr. Adam Thames
Greg Waddell	John Broussard
Bruce Binzel	Dr. Nick Accardo, Jr.
Lloyd Brown	Lucius McGehee

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

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

Mr. Cossé called for the approval of the October 6, 2011 minutes. Dr. Katharine Rathbun moved for the minutes to be approved and Mr. Kent Guidry seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes. Mr. Hritz arrived at the meeting.

Mr. Cossé then gave a brief overview of the recently passed Constitutional Amendment No. 3 which dealt with the PCFOB funds. The amendment provides further protection to the funds as it prohibits the appropriation of the funds by the State to other state agencies or interests.

The next item on the agenda was a presentation by the Treasurer's office. Mr. Broussard stated interest rates are very low and the foreign debts and reactions to those issues are having an impact on the U.S. markets. He feels interest rates will remain low for another 2 years. The equity market has been like a roll-a-coaster since 2008 and bonds are relatively flat. There is a large demand for high quality stock, but there is a very limited supply. Mrs. Pierce then went over the handout. She pointed out the allocation of assets that was shown on pages 3 and 5 and stated it was a very defensive portfolio and contained high quality bonds. She also stated the Cooperative Endeavor Agreement between the PCF and the State Treasury was being reviewed by the Treasury's attorney.

Next, the representatives from Argent, Mr. McGehee and Mr. Brown, addressed the Board and went over the handout they had prepared. They gave a brief history of the company and the types of clients they serve and work with. They informed the Board that there were actually three different roles that the Board might need assistance with and should consider. They are an investment consultant, which they felt would be critical to the Board, an investment manager or managers and a custodian which would be responsible for collecting and maintaining information for multiple investment managers and providing consolidated reports to the Board. They are interested in serving as an investment manager and also as the custodian. They also stated the return of the principal was more important than the return on the principal. They use Global Investment Performance Standards. They explained the use of multiple Louisiana Banks for investments through the use of CDs, thus providing some economic benefit to Louisiana. The funds in the CDs would also be federally insured. They can handle fixed income investments, bonds and equities. Mr. Donchess asked what their management fees were, if they carried insurance and if they had any regulatory findings. Mr. McGehee stated the fee depends on the amount of money they would be responsible for either as a custodian or manager and it would also depend on the interest rates as they realize the fee cannot outweigh the yield. He stated Argent had no regulatory findings and carried E & O insurance. As there were no further questions, Mr. Cossé thanked them for the information provided in the presentation.

Ms. Woodard went over the financial report which showed the Fund balance to be $691,856,289 and expenditures were in line with expectations. She then went over the FY 12-13 proposed budget. The claims budget was decreased by $5,000,000 based on expenditures over the last 3 years but allowing for an anticipated increase in the cost of ongoing medical payments. There was an increase in salaries and related benefits due to anticipated promotions and the additional staff approved at the last Board meeting. There was also an increase shown in professional services as the estimated fee for an investment consultant was added. The budget must be submitted to the appropriate Legislative committees and others prior to January 1, 2012 so the Board must make a decision on the final budget at this meeting. Dr. Rathbun made a motion to approve the budget as presented by staff and Mr. Hritz seconded the motion. By verbal vote, the budget was approved with no dissenting votes.

Mrs. LeBlanc attempted to show a webcast from ELM exchange; however, she could not get the presentation to connect to the room's speakers. The presentation was an overview of the risk management educational program offered by ELM. They offer online courses by specialty that could be used by PCF providers should the Board decide to offer a discount to providers that participate. The program's use can be tracked and courses taken confirmed online by PCF staff. A proposed cost of $45,000 was given using the assumption that it would be used by about 800 providers the first year, or roughly 10% of the practitioners enrolled in the PCF. The proposed cost sheet and some other information was provided to each Board member. Since there was an interest in the program, the online presentation will be emailed to the Board members. A copy will also be sent to Ms. Knight and Mrs. Duszynski as they requested. It will be discussed further at another Board meeting.

Dr. Rathbun suggested the Board look at the global impact of a discount, a change in the $125,000 security, possible refusal to enroll or renew providers and termination of coverage of providers.

Next, Mr. Schnauder went over the claims report. For the first time in years, more claims were opened than closed. Based on the monthly numbers, it appears there will be approximately 100 more panels filed this year than last year. The total amount paid in settlements was lower this month. Mr. Schnauder stated he did not feel the entire claims budget of $135,000,000 would be needed this fiscal year. There were no questions asked. Mr. Donchess moved to approve the report and Dr. Culotta seconded the motion. By verbal vote, the claim report was approved with no dissenting votes.

Mr. Cossé asked if there were any comments or questions from the public and there were none. All were thanked for their attendance. Dr. Firmin left the meeting.

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

Mr. Clark Cossé III, Chairman

Jan 5, 2012
Date