MINUTES

PCF OVERSIGHT BOARD

May 3, 2012

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 May 3, 2012.

The following Board Members were in attendance:

Mr. Clark Cossé, Chairman
Mr. Kent Guidry
Mr. James Hritz
Dr. Katharine Rathbun
Dr. Patrick Breaux
Mr. Joe Donchess
Mr. Manuel DePascual
Dr. Van Culotta
Dr. Melanie Firmin

Others present:

Mrs. Lorraine LeBlanc
Mr. Ken Schnauder
Ms. Barbara Woodard
Ms. Lynn Duszynski
Mr. Adam Thames
Mr. Dave Woolridge
Mr. Greg Waddell
Ms. Annette Droddy

Mr. Cossé called the meeting to order and asked that the record reflect all nine Board Members were in attendance and a quorum was present.

Mr. Cossé 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 April 5, 2012 minutes. Dr. Rathbun moved for the minutes to be approved and Mr. Hritz seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes.

At this time, Ms. LeBlanc, the Executive Director informed the Board that she would be retiring with an anticipated last day in the office of June 29, 2012. However, she stated she would be

attending the July meeting for the discussion of the annual actuarial report. She recommended Ken Schnauder be appointed Executive Director. She explained he has done an excellent job and she felt the Board could not find a more suited applicant for the position. Dr. Firman moved that Mr. Schnauder be appointed to the Executive Director position upon departure of Mrs. LeBlanc. Dr. Culotta seconded the motion. Mr. Cossé asked if there were any public comments. Mrs. Duszynski state she felt it was an excellent idea. There were no other comments. By unanimous verbal vote the motion passed. Mrs. LeBlanc also recommended the pay be the same as she was presently receiving. Dr. Culotta moved that the pay be the same and Dr. Firmin seconded the motion. By unanimous verbal vote, the motion passed. Mr. Schnauder thanked the Board.

The Board was then advised that an application for writs to the Supreme Court was filed in the *Arrington* matter, so the plaintiff's argument that the cap is unconstitutional continues despite the court's ruling in the *Oliver* case.

As to legislation, HB 766 was heard in Civil Law and Procedure Committee. The plaintiff attorneys requested an amendment which the PCF had no objection to and the matter moved favorably out of committee. It was amended in the House to add identical changes to the State statutes and it moved out of the full House with no dissenting votes.

Ms. Woodard went over the financial report which showed the Fund balance of approximately $742,055,300. Administrative expenditures were in line with expectations and claim expenditures continue to be lower than last year. The total collected in surcharge payments is approximately $147,000,000, which is in line with an anticipated fiscal year collection of approximately $160,000,000. There were no questions.

Mr. Schnauder then went over the claims report. There were more claims opened than closed this month making the total pending increase slightly. At this meeting he is presenting 20 claims for settlement approval amounting to approximately $9,100,000. There were no questions asked.

Mrs. LeBlanc informed the Board that 10 proposals for the investment consultant were received and the evaluation team narrowed the selection down to four that were interviewed prior to the Board meeting. As a result of the interviews, the team selected two proposers, Meketa Investment Group and Cardinal Investment Advisors. Dr. Firmin moved that the PCF staff conduct reference checks of these two proposers and relay the information obtained to the evaluation team. Dr. Breaux seconded the motion and it passed by a unanimous verbal vote. A recommendation by the team will be presented at the June Board meeting.

The final item on the general session agenda was the revision of the PCFOB rules. Mrs. LeBlanc and Mr. Woolridge have been working on a complete revision of all the PCFOB rules for almost two years. The changes are mostly to bring the rules up to date with statutory changes and to codify the general processes and procedures within the PCF that have used for several years, but not made part of the rules. Mrs. LeBlanc called the Board's attention to section 1507 that currently gives the executive director settlement authority up to $10,000 without prior Board approval. She recommended that this be increased to $25,000 with the understanding that such settlements will be included in the summary provided to the Board members. There was some discussion regarding section 519 and proper notices by the PCF to the providers advising of cancellation or termination of PCF coverage. It was explained that in almost all instances where

the PCF cancels coverage it is due to the notice from the underlying insurer that coverage has been cancelled. The PCF staff would certainly review any request by the provider to reconsider the cancellation or termination.

Dr. Rathbun had suggested additions to the rules regarding denial of enrollment; however, these were felt to be more substantive in nature and would require discussion with not just the Board members, but other entities and interested parties. To avoid further delays in getting the recommended revisions promulgated, her suggestions would be discussed at a later time. Also, there was a suggestion that corporate coverage be revisited to look at the definition to ensure it includes proper coverage for subsidiaries of the corporations.

Dr. Culotta made a motion that the recommended rule revisions be accepted and steps taken to get them published appropriated. Dr. Breaux seconded the motion. There were no public questions or comments. By verbal vote, the motion was unanimously approved.

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

There being no further general business to discuss, Dr. Culotta made a motion for the Board to move into the Executive Session to discuss matters of litigation and Dr. Rathbun seconded the motion. The vote was unanimous and the General Session was adjourned. The Board moved into Executive Session.

Dr. Firmin left the meeting at this time.

Clark R. Cossé

Mr. Clark Cossé III, Chairman

June 7, 2012

Date