

# MINUTES

## PCF OVERSIGHT BOARD

April 1, 2010

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 April 1, 2010, at the Woman's Hospital Corporate Board Room in Baton Rouge.

The following Board Members were in attendance:

Mr. Clark R. Cossé, III  
Dr. Van Culotta  
Dr. Melanie Firmin  
Dr. Katharine Rathbun  
Mr. Joe Donchess  
Mr. Kent Guidry  
Dr. William LaCorte (late arrival)

The following Board Members were absent:

Mr. Jim Hritz  
Mr. Manual DePascual

Others present:

Mrs. Lorraine LeBlanc  
Mr. Ken Schnauder  
Mrs. Cindy Amedee  
Mrs. Barbara Woodard  
Mrs. Caroline Brock  
Mr. Peter Bundy  
Mr. David Woolridge  
Mrs. Lynn Duszynski  
Annette Droddy

Mr. Cossé called the meeting to order. Mr. Cossé asked that the record show 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 March 4, 2010 minutes. Dr. Culotta moved for the minutes to be approved. Dr. Firmin seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes.

Mr. Cossé asked for the financial reports. Mrs. Woodard explained the surcharge and filing fee collections as shown on the handout. She informed the Board that the remaining balance in the operating budget would be adequate for the remaining months of this FY; however the claims budget had expended a little over \$95,000,000 as of this meeting. Mrs. LeBlanc informed the Board that the Office of Planning and Budget had notified her that the claims BA-7 would be heard as a supplemental bill in late April or early May. Mr. Cossé asked if there were any other questions regarding the financial report, there were none.

Mr. Cossé asked for the claims manager report. Mr. Schnauder reported that March was a very busy month. He reported that his section had opened 131 claims and closed 164 files. Mr. Schnauder reported that to date there are 174 future medical cases and a total of 5,263 open claims. He also reported that there were 122 panel filings for a total of 359 for the year. Mr. Schnauder informed the Board that without the approval of the BA-7 soon, his section would be out of money. Dr. Culotta asked for the definition of “out of money”. Mr. Schnauder explained that the appropriated budget authority for this fiscal year reserved to pay claim settlements would be exhausted by the end of May. Mr. Schnauder stated that he was presenting to the Board 33 claims for a total of \$11,500,000 for approval at the meeting. Dr. Rathbun asked what percentage of the claims were closed without a payment. Mr. Schnauder explained that his section would settle and pay approximately 25% of the open claims. The number of closed claims with payment will be added to the claims report for the Board. Mr. Cossé asked if there were any questions on the claims manager report. There were none.

Mrs. LeBlanc informed the Board that legislation would be needed for the PCF to be considered an “off budget” agency of the state. Currently the PCF’s budget is basically controlled by the same regulations as those agencies that receive tax dollars. Loss of revenue to the state means budget cuts to the PCF including reductions in the number of employees. The process is cumbersome and time consuming and creates delays in payments. Mrs. LeBlanc informed the Board the biggest advantage in the PCF going “off budget” is that it gives more flexibility in spending and moving money within the overall budget to meet changing needs. Mrs. LeBlanc informed all that the Board would continue to be in charge and responsible for the approval and decisions relating to the expenditures of the fund. Mr. Donchess asked if the PCF had ever relied on the state for any money. Mrs. LeBlanc explained that at one time the PCF did occupy two floors in the Baton Rouge State Office Building and did not pay any rent. Mr. Donchess asked who signed the PCF checks. It was explained that the claim checks have always had the chairman’s signature electronically printed on them, checks for contract vendors are issued through the state system and checks for travel can be signed by the Chairman, Executive Director and the Administrative manager. Mr. Donchess suggested that consideration should be given to having two signatures on checks to prevent fraud. The Board was assured that steps have been taken to prevent fraud, like the positive pay aspect of the checking account where the bank is given the payee information and amount for each check. Questions were asked relative to costs of going off budget. Mrs. LeBlanc replied that expenses would be close to the same as they are now and that the PCF had not previously pursued off budget status, although such was briefly

discussed with the budget office and administration two years ago. Due to expected budget cuts in the upcoming year, now was a good time for the PCF to pursue this move and hope to avoid further cuts in employees and money. In this fiscal year, \$111,000 was cut from the budget which included funds for one full time position and more cuts are expected for the next fiscal year. Dr. Firmin made the motion to proceed with the legislation that would create the PCF as an off budget agency of the state. Dr. Culotta seconded the motion. The verbal vote was unanimous.

Mr. Donchess asked what other agencies were considered off budget agencies. Mrs. LeBlanc explained that all licensing boards are off budget and some agencies that have self generated funds are also off budget. Mr. Cossé asked if there were any other comments relating to the off budget status for the PCF. There were none.

The next item on the agenda was the approval of the professional contracts for the new fiscal year. These include the general counsel, conflict general counsel, actuary, fee scheduling, and computer consultants. Due to the mandatory Medicaid reporting, one (1) new contract would be added in the amount of \$10,000 to PMSI. It was recommended by Mrs. LeBlanc that all professional contracts be renewed as outlined on the handout which shows the new vendor and amounts suggested for each contract. The total amount of the contracts remained the same as the current fiscal year. Any changes in vendors would be brought to the attention of the Board. Mr. Guidry made the motion to accept the renewals of the contracts and the addition of PMSI. Dr. Rathbun seconded the motion. The verbal vote was unanimous.

A summary of legislation was prepared by Mrs. LeBlanc and given to each Board member. Mr. Cossé went over the bills. HB 76 is the PCF's budget; however another budget will be prepared in accordance with the off budget legislation. The total amount will be the same as this fiscal year and since the forms are similar this will be an easy task. HB 264 clarifies the definition of health care provider. The current rates for the PCF include rates for "all other" and these would be included under that classification when not already covered as an employee of a hospital or clinic. If they have an individual policy and are not enrolled in the PCF, then they would not be covered. Mr. Guidry stated that if the statutory employee of the hospital is enrolled and covered by the hospital policy, the hospital policy is primary. SH 586 is the Commissioner of Insurance's bill, but is not the one he intended to have filed as it contained the "in solido" language. This would mean the healthcare providers would be liable for the total amount owed in the event the PCF fails in its mission. It was explained by Caroline Brock from the Department of Insurance that the incorrect language was used by the author's staff. HB 708 increases the filing fee to \$500 which Mr. Cossé stated may be overly aggressive.

Mr. Cosse' asked if there were any public comments, there were none. Mr. Cosse' thanked the guests for attending the meeting and the General Session was adjourned.

Dr. Culotta moved for the Board to move into Executive Session and Dr. Firmin seconded the motion. By unanimous vote, the Board moved into the Executive Session.

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Mr. Clark R. Cossé III, Chairman