

MINUTES

PCF OVERSIGHT BOARD

July 1, 2010

WOMAN'S HOSPITAL
BATON ROUGE, LA.

Dr. Vincent Culotta, Vice Chairman, convened the meeting of the Patient's Compensation Fund Oversight Board, at 6:30 PM on Thursday July 1, 2010, at the Woman's Hospital Corporate Board Room in Baton Rouge.

The following Board Members were in attendance:

Dr. Melanie Firmin
Dr. Katharine Rathbun
Mr. Joe Donchess
Dr. Van Culotta
Mr. Manual DePascual
Mr. Jim Hritz

The following Board Members were absent:

Mr. Clark Cossé
Mr. Kent Guidry
Dr. William LaCorte

Others present:

Mrs. Lorraine LeBlanc	Ms. Barbara Woodard	Ken Schnauder
Mr. David Woolridge	Mrs. Cindy Amedee	
Mrs. Annette Drodody	Mr. Peter Bondy	

Dr. Culotta called the meeting to order and asked that the record reflect six Board Members were in attendance and there was a quorum present. Dr. Culotta welcomed the guests to the meeting and asked all present to introduce themselves.

Dr. Culotta asked for public comments. No public comments were made.

Mrs. LeBlanc stated that the agenda had been revised prior to meeting as it was realized that the PCF rule revisions had not been added to the agenda as intended. A motion would be required to amend the agenda to add this item. Dr. Firmin made the motion for the Board to amend the agenda as indicated and Mr. Donchess seconded the motion. By unanimous vote, the agenda was amended. Dr. Culotta called for the approval of the June 3, 2010 minutes. Dr. Firmin moved for the minutes to be approved. Mr. Hritz seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes.

Dr. Culotta asked for the nomination of the Board Officers. Dr. Firmin informed the Board that the committee recommended the Board reappoint Mr. Cossé as Chairman, Dr. Culotta as Vice Chairman and Mr. Guidry as Secretary. Mr. Hritz moved for the nominations to be closed and Mr. Donchess seconded the motion. The vote was unanimous and there were no dissenting votes.

Dr. Culotta asked for the financial reports. Ms. Woodard informed the Board of the surcharge and filing fee collections to date and as shown on the financial report. She informed the Board of the remaining balance in the operating and claim budget for FY '10 and that the \$15,000,000 had been approved and posted. Mrs. LeBlanc informed all attending the meeting that the PCF financial information would be available on the website by tomorrow afternoon.

Mrs. LeBlanc explained to the Board that the PCF budget for the fiscal year 2011 had been completed and the BC 1 budget form was in their folder. Mrs. LeBlanc explained the new budget process and that the forms are submitted in January of each year to the Legislature and Legislative Fiscal Office. The PCF had prepared the budget for this fiscal year as a regular state agency last November. This was submitted to the DOA Budget Office who in turn made the recommendation to the Legislature as part of the ancillary bill. The newly proposed budget is basically a continuation budget and was transferred to the new PCF off budget forms. The proposed budget includes the additional \$15,000,000 approved for the current FY in the new claims budget. This would allow a comfortable cushion for the PCF to operate in the event additional money was needed for settlements or other expenditure categories. She informed the Board that budget funds that were not spent in any fiscal year would simply remain in the PCF account. There was additional money placed in new budget to pay other agencies for the services they will temporarily provide, such as processing payroll and handling investments for the PCF, as well as additional funds for destroying old documents and additional postage costs. Also, the Claim Adjuster 1 position which was cut by the Budget Office was restored to the PCF and included in the proposed FY 10-11 budget. Dr. Rathbun asked if the PCF as an off budget agency had more control over the table of organization of positions. Mrs. LeBlanc explained that classification qualifications of a position would still require approval from the Department of Civil Service, and if the Board felt that additional positions were needed within the PCF, the Board could then vote and then she would request the approval from Civil Service. Mrs. LeBlanc stated that being an off budget agency allows more flexibility in all areas but staffing needs will require Civil Service approval as to the title of the position sought. She reminded the Board that for the next fiscal year there would be no merits for all state employees and that salary dollars would remain the same as this fiscal year. Dr. Rathbun asked if the \$15,000,000 would be entirely spent for fiscal year 2010 claim payments. Mr. Schnauder explained that most of the money would be expended, mainly due to beginning the fiscal year in a deficit last July. Mr. Hritz asked if the new budget could be amended as previous years. Mrs. LeBlanc explained that it could be amended if needed, but as an off budget agency there was greater flexibility in moving the money within expenditure categories and that it was doubtful the entire \$138,000,000 budget for fiscal year 2011 would be expended. However, if there was a shortage within an expenditure category, the Board could vote and approve a transfer of money to and from expenditure categories. She explained that this action could be done internally without having to submit a request to the Joint Legislative Committee on the Budget. Mrs. LeBlanc

informed the Board that she would have internal procedures that would outline the transfer of budgeted money for the next Board meeting to discuss and review. Dr. Culotta asked if there were any other questions regarding the financial documents or the budget for FY 2011. There were none. Mr. Hritz moved for the approval and submission of the 2011 PCF Budget and Dr. Rathbun seconded the motion.

Dr. Culotta asked for the claims manager report. Mr. Schnauder reported that during the month of June the claims section had opened 102 claim files and closed 281, ending the fiscal year with A total of 789 opened and 1,044 closed, resulting in 5040 pending claims, the lowest in about 10 years. Sixty five of those closed last month were with payment. Mr. Schnauder reported that there are 174 future medical cases to date and that a total of 709 panels had been filed this year. He informed the Board that 21 claims were being presented at this meeting for approval totaling \$5,739,797 and his section was very busy processing approximately \$5,800,000 in payments today since the additional money had been received. Dr. Culotta asked if there were any further questions regarding the claims manager report. There were none.

Dr. Culotta asked for a Legislative update on the bills filed relative to the PCFOB and asked for any discussion. The off budget legislation is now Act 411 and was effective July 1, 2010. Mrs. LeBlanc informed the Board that Act 78, the legislation that removed the PCF from regulation by the Department of Insurance, was signed and becomes effective August 15, 2010. The draft of the 2010 actuarial rate study would be available for review and discussion at the August Board meeting. Mrs. LeBlanc explained that since the Act would not be effective until after August 15th, the Board would need to vote on rates after that date. The PCF Actuary would be in attendance at the September meeting for questions from the Board and the public. A vote on rates for January 1, 2011 could take place at that meeting. Dr. Culotta asked if a new rate structure was included for the new health care providers added by Act 264. Mrs. LeBlanc explained the providers were already included in the rate structure as therapist and technicians and the Act simply clarified the current title of these providers. Rates for these types of ancillary providers are covered under the "other" class. Mrs. LeBlanc gave a brief overview of another bill that would require the publication of all payments to Board members to include per diem, travel and a total of what was paid annually. The Act requires the information to be posted on the DOA and agency websites.

The proposed Rule Changes were the next item on the agenda. Mrs. LeBlanc explained that proposed rule changes include those previously approved by the Board and submitted to the Legislative Fiscal Office. During the time for public comments, Kip Wall on behalf of the Department of Insurance, submitted comments. It was determined by Mrs. LeBlanc and Mr. Woolridge that some of the comments made sense and should be addressed. At the same time, the legislation removing the Department of Insurance from the PCF rate making process was signed into law and requiring more rule changes to the same sections. It was decided to withdraw the previously submitted changes, revise them to reflect the statutory changes and resubmit the changes. Mr. Donchess moved for the Board to promulgate the rule changes and Dr. Rathbun seconded the motion. By unanimous verbal vote, the motion was passed.

Dr. Culotta asked if there were any public comments. Mr. Bondy asked if the claims adjuster 1 position focused on the Med Pay since these seem to be increasing in number and amount. Mrs.

LeBlanc stated that the position would be handling the future medical claims as they are slowly increasing in number. As far as the medical costs, while there has been some increase, the PCF fee schedule helps keep those down. He also asked if the amount per claim continued to increase each year. Mrs. LeBlanc stated that the average claim payment was about \$330,000, excluding the ongoing future medicals.

Dr. Culotta thanked the guests for attending the meeting and the General Session was adjourned.

Dr. Rathbun made the motion for the Board to move into the Executive Session to discuss matters involving litigation. Mr. Hritz seconded the motion. By unanimous vote, the Board moved into the Executive Session.

Dr. Vincent Culotta, Vice Chairman