

LOUISIANA HEALTH PLAN

MINUTES

BOARD OF DIRECTORS MEETING

August 20, 2010

ATTENDANCE:

Board Members Present: Michele Calandro, Scott Westbrook, Kevin Bridwell, Derrell Cohoon, David Shellington

Also Present: Rene Louapre, Attorney from Milling Benson George Balhoff, Postlethwaite & Netterville

LHP Staff Present: Leah Barron, Carl Mautner, Jon Bonneval

MINUTES

Minutes from April 16, 2010 Board meeting were presented.

MOTION

Derrell Cohoon made a motion to approve the Minutes as presented. Motion seconded by Scott Westbrook. No opposition. Motion passed.

OLD BUSINESS

Old business regarding appointment of a committee to review staff salaries and benefits will be discussed in Executive Session.

NEW BUSINESS

a. Legislative Session

1. Leah Barron stated that the Louisiana Health Plan did NOT receive the \$2 million appropriation for the High Risk Pool. This means that projections will have to be prepared by Milliman to include any benefit changes and no receipt of the \$2 million appropriation. We would be using any reserves that we have. The reserves are about \$27 million dollars. The projection model would run to the middle of the year 2014. The original projection model ran to the year 2015. We will be looking at different models to try to keep the premiums at a reasonable rate.

Ms. Barron thanked Derrell Cohoon, Phyllis Perron, and David Lavergne with BCBS for their hard work in trying to keep the \$2 million appropriation in the Budget.

Ms. Barron stated that she did not anticipate any changes for the upcoming year. The issue should be reviewed at a later date. Ms. Barron stated that she did not feel comfortable adding the funds to the LHP Budget and that it would be best to plan to not have the funding.

There was discussion about what would become of funding when there is no longer the need for Louisiana Health Plan to operate. The determination will evolve in time.

2. Ms. Barron presented a synopsis of the changes that were made during the Legislative Session. The changes were clarifications to comply with CMS and the Department of Insurance. These were corrections added to the statute to comply with what is already being implemented.

Ms. Barron noted that at the next board meeting, there should be a vote regarding a new Amended Plan of Operation for submission to the Commissioner of Insurance. Therefore, the language in the Plan of Operations would be the same language previously provided in the statute.

b. Federal Pool

Ms. Barron provided a comparison of the State High Risk Pool (LHP Plan) with the Federal Plan (PCIP Plan). Ms. Barron pointed out some of the similarities and the differences. Ms. Barron stated that she has asked for clarification on some issues.

Ms. Barron also provided PCIP Benefits Summary and the policy.

c. Grants

Ms. Barron reported that the total in the grant proposal this year \$1.45 million.

In the High Risk pool, the requested grant funds would allow approximately \$388,000 for operational costs and approximately \$339,000 for premium reduction.

In the HIPAA, approximately \$558,000 of the requested funds would be used for premium reductions.

In the High Risk Pool and in the HIPAA Pool combined, approximately \$45,000 of the requested funds would be designated for marketing/web site. Approximately \$122,000 of the requested funds would be designated for disease management.

Ms. Barron further elaborated that the disease management program has been extremely successful with the diabetes program. Policyholders have been participating in large numbers. The dialysis program has also been very successful. There has been an excellent return on the investment.

Ms. Barron reported that the wellness program of \$300 per calendar year has more participation. Policyholders who have selected the large deductible are now able to see their doctor on at least an annual basis and illnesses are diagnosed in earlier stages.

Ms. Barron stated that a large number of HIPAA applications are being received. People who have been laid off and exhausted their continuation benefits is part of the influx. Some is due to small employers who are no longer providing health insurance benefits for their employees. Some companies are getting too small to be considered for group coverage.

With regard to marketing, the shift should probably change to human resource, businesses and small business groups. Agent education, human resource education would seem prudent.

d. RFP for Administrative Services, UM/Case Management/Disease Management and PPO Services

Ms. Barron announced the Louisiana Health Plan received one response for Administrative Services (our current administrator); two responses for UM/Case Management/Disease Management (our current administrator and a second provider); and two responses for PPO services. One is our current networks as they are now structured. The second is another proposal from one of our networks as a stand-a-lone with a different secondary network.

Ms. Barron advised that all proposals are being evaluated and that Dick Wickert has been hired as a third party to evaluate the responses.

e. Projection Model/Rates/Benefits

Ms. Barron reported that Milliman is in the process of their annual review of the rates of the top 5 carriers in the state of Louisiana. Milliman has provided choices for preparation of the projection model and has asked for guidelines. Ms. Barron presented the suggestion of possibly raising the annual benefit limit from \$125,000 to \$150,000. When we tell Milliman the proposed benefit changes, Milliman specifically notes the percentage increase in rates that the benefit is providing.

Ms. Barron announced that the \$15,000 prescription limit has been in place since the inception of the plans. The injectible prescriptions are making it more and more difficult for the policyholders and they reach the \$15,000 annual limit more quickly.

Ms. Barron referred to other possible benefit changes including raising the lifetime limit from \$625,000 to \$725,000; elimination of gender in rates; reduction in co-insurance for mail order drugs; and a HSA compliant plan.

After considerable discussion on the pros and cons of benefit changes it was suggested that Milliman provide different scenarios for the Board to consider at the next meeting.

Michele Calandro raised the question of whether changing benefits would open the Louisiana Health Plan to additional Federal regulations. Carl Mautner responded that he thought it was grandfathered in. After discussion, it was agreed that Rene Louapre would research the matter.

f. Requirement for “Proof that applicant is Uninsurable”

Ms. Barron stated that since the inception of the High Risk Pool there has always been the requirement that the applicant be uninsurable. Each applicant has been required to provide 2 written letters of denial. The letters of denial could be written directly from the carrier, or an agent could write a letter on his or her letterhead stating that he/she attempted to place the applicant for coverage, but that the applicant was denied due to underwriting guidelines.

Ms. Barron requested that the Board consider adjusting the requirement from 2 denials to 1 denial. In most cases, it is clear that the applicant cannot obtain coverage elsewhere. Most risk pools in other states require one letter of denial.

Ms. Barron stated that the two-letter requirement had been adopted by the Board. Therefore, the Board would have to vote to make any change.

Michele Calandro stated that if we move to the one letter of denial that it must come from the carrier, not an agent.

MOTION

Scott Westbrook made a motion to change the requirement for proof of an applicant’s uninsurable status from two written denials to one written denial from a carrier. Motion seconded by Kevin Bridwell. No opposition. Motion passed.

g. 2009 Financial Statements (Audit Reports)

Mr. George Balhoff from Postlethwaite & Netterville presented the 2009 Audited Financial Statement that was prepared by Thomas, Wilson, Ragusa, Uffman & Company. Mr. Balhoff stated that P& N had started to prepare the audit but because P & N had access to the Louisiana Health Plan accounting system through the set-up process and had access to change some of the security rights, it was determined that P& N was not an independent auditor.

Mr. Balhoff stated that the report was a “clean “ opinion as stated on the actual report. Mr. Balhoff presented an overview of the report and directed the board members to the last page of the report that indicated that the procedures implemented in the year 2009 resolved the lack of segregation of duties issues that were reported in the year 2008.

MOTION

Kevin Bridwell made a motion to accept the 2009 Audited Financial Statements as presented. Motion was seconded by Scott Westbrook. No opposition. Motion passed.

h. Financials

Mr. Carl Mautner presented the Financial Reports for the High Risk Pool and for the HIPAA Plan. Mr. Mautner reviewed the highlights for each pool.

MOTION

Kevin Bridwell made a motion to accept the financial statements for the High Risk Pool and for the HIPAA Plan as presented. Motion was seconded by David Shellington. No opposition. Motion passed.

i. CEO Report

Ms. Barron directed the board members to her CEO report and reviewed the enrollment numbers and claims reports.

The next board meeting was scheduled for Monday, September 13, 2010 at 2:00 p.m. at the LHP office.

MOTION

Kevin Bridwell made a motion to move into Executive Session to discuss Old Business regarding employee evaluations/benefits. Motion seconded by David Shellington. No opposition. Motion passed.

MOTION

Derrell Cohoon made a motion to return from Executive Session. Motion seconded by Kevin Bridwell. No objections. Motion passed.

Michele Calandro appointed Kevin Bridwell, Phyllis Perron and David Shellington to the Committee to Review Staff Salaries and Benefits.

Other Business

There was no other business.

MOTION

Scott Westbrook made a motion to adjourn the meeting. Motion seconded by Derrell Cohoon. No opposition. Motion passed.