

**MINUTES**  
**PCF OVERSIGHT BOARD**

August 6, 2009

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 August 6, 2009, at the Woman's Hospital Corporate Board Room in Baton Rouge.

The following Board Members were in attendance:

Mr. Clark Cossé	Dr. Katharine Rathbun
Dr. Melanie Firmin	Mr. James Hritz
Mr. Manual DePascual	Dr. William LaCorte
Dr. Van Culotta	
Mr. Kent Guidry	

Board Members absent:

Mr. Joe Donchess

Others present:

Mrs. Lorraine LeBlanc	Mr. Ken Schnauder
Mr. Dave Woolridge	Mr. Mark Berger
Mrs. Aminthe Broussard	Mr. Tom McCormick

Mr. Cossé called the meeting to order. Mr. Cossé asked that the record show that eight Board members were in attendance and that 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 June minutes. Mr. Guidry moved for the minutes to be approved with no corrections. Dr. Firmin seconded the motion. The minutes were adopted and there were no dissenting votes.

The results of the nomination committee, which included Dr. Firmin, Mr. Depascaul and Mr. Donchess, were reported by Dr. Firmin. She explained that the committee met and discussed the positions and was recommending to the Board that the current slate of officers be re-elected. These include Mr. Cossé as Chairman, Dr. Culotta as Vice Chairman, and Mr. Guidry as Secretary. There was no opposition and by verbal vote, the current officers were re-elected to their respective positions.

Mr. Cossé asked for the financial updates. Mrs. LeBlanc went over the two financial reports. There was one for the end of the fiscal year and another one for the first month in the current fiscal year. The claims budget had been fully expended. Mrs. LeBlanc informed the Board that the claims budget was increased to \$120,000,000 for the current FY. This fiscal year, the claims budget was merged with the administrative budget and the agency has only one budget unit number. This fiscal year's budget was decreased from the prior year due to the completion of the computer project. As shown in the financial reports, the PCF ended the fiscal year with a fund balance of \$545,880,593, a gain of \$68,860,349 over the prior fiscal year. Mr. Cossé asked if there were any other questions regarding the financial reports, there were none.

Mr. Cossé asked for the claims manager report. Mr. Schnauder stated that he was presenting 42 claims for approval in the amount of about \$15,000,000, but this represented two months. There were several claims over \$1 million in the list. The number of claims closed was slightly more than the number opened. He reported that there are more primaries that want to mediate claims and these have been for the most part successful. The amount of interest paid is down. There were no problems encountered due to the inability to pay all settlements when the budget was exhausted at the end of the fiscal year. Mr. Cossé asked if there were any other questions or comments on the claims report. Mr. McCormick with LAMMICO commented that they have enjoyed working with the PCF and he asked about the average claim payment. Based on the prior year's totals, the estimated average PCF payment was \$315,000. There were no other comments or questions.

The next item on the agenda was the penalty charged by the PCF for late remittance of surcharges by insurers. Currently, the PCF charges a 5% penalty plus legal interest from the date owed to the date paid. This is to be considered each year for possible change. The staff recommended the penalty remain the same. Dr. Culotta moved that the penalty stay the same and Dr. Firmin seconded the motion. By unanimous verbal vote, the motion passed.

The annual rate study was next on the agenda. Mr. Cossé informed the Board that he, Mrs. LeBlanc and Mr. Hurley met with Commission Donelon and Rick Piazza prior to the Board meeting. The Commissioner felt there was an agreement that the PCFOB would address the

UAL in five years, the first one being 2009. Mr. Cossé stated he presented the Commissioner with a chart showing the UAL was being addressed by the PCFOB in a responsible manner. He then turned the meeting over to Mr. Hurley, the PCF's actuary. Mr. Hurley explained that the procedures and processes used were the same as those used last year. He felt the information from the PCF was better and the loss projections were adjusted due to an improvement in the recent years. The PCF takes longer to close out claims than a primary due to the way in which the system is set up. While the PCF's experience is better, only partial credit is given due to the newness of the change. The physicians showed more improvement than the hospitals. Nursing homes seem to be coming in worse than expected. The ultimate losses were down. The rate study incorporated a 5% deficit reduction load just as was done in past years. The findings are that, with the 5% load, the hospitals show -9.1, physicians -12.6, and nursing homes +2.4. Dentist, and advanced practice nurses follow physicians. Bed rates for hospital were also established as requested.

Mr. Cossé stated that the Board would have to make a decision as to what percentage to use to address the UAL. In taking no action, the amount attributed to the UAL would be about 14% for the hospitals, about 17.6% for the physicians. It was stated that the healthcare providers were facing cuts from many different sources and the current political standing of healthcare reform is unstable and these things must be kept in mind when discussing rate increases. If no action is taken, the physicians would be paying more towards the UAL than other healthcare providers. Dr. Rathburn stated that by taking no action, the healthcare providers are basically indicating they are willing to kick in all the gains made by better performance, which would have granted a rate reduction, in an effort to attack the UAL. Dr. Culotta made a motion that the rates be left the same and no rate increase be proposed for 2010. Dr. Firmin seconded the motion. By verbal vote, there were seven in favor and one opposed, Dr. Lacorte being the single vote against the motion. There was also a request made to Mr. Hurley to study the UAL elimination with an estimate of what it would take to eliminate it in four years and how long and what percentage would be needed for a less aggressive, but reasonable and affordable, approach.

Mr. Cossé asked if there were any public comments. Mr. McCormick with LAMMICO asked if the -12.6 included the 5% deficit reduction load and was told yes. He stated he felt this was in keeping with the trend from prior years. There were no other public comments. Mr. Cossé thanked the guests for attending the meeting and the General Session was adjourned. The Board moved into the Executive Session.

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Mr. Clark R. Cossé, III, Chairman