

**Texas Health Insurance Pool
Board of Directors Meeting
August 20, 2015**

The final meeting of the Board of Directors of the Texas Health Insurance Pool was held Thursday, August 20, 2015 at 4140 Governor's Row, Austin, Texas. Notice of the meeting was filed electronically with the Secretary of State's office on Wednesday, August 12, 2015 and published immediately on the *Texas Register* web site (TRD#2015005470).

Board members present: Gary Cole, Chair; Rick Ott, Vice-Chair; Greg Barbutti, Secretary/Treasurer; Robert Emmick, M.D.; Pati McCandless; Maureen Milligan, Ph.D.; and Vicky Paparelli, APRN. Marinan Williams participated by telephone. Steven Browning, Pool Executive Director, and Betty DeLargy, General Counsel to the Pool, were also in attendance.

Meeting Called to Order

With a quorum of the Board present, Chairman Cole called the 87th and final meeting of the Board of Directors to order at 9:00 a.m.

I. Approval of Minutes

Dr. Emmick moved to approve the minutes of the May 27, 2015 Board of Directors meeting. The motion was seconded by Dr. Milligan and unanimously approved.

II. Financial Reports

Mr. Browning presented the May and June 2015 financial statements. He reported that the Pool's cash position today is \pm \$540,000. He projects that \pm \$400,000 will remain in the account after the Pool reimburses Blue Cross Blue Shield of Texas (BCBSTX) later this month for medical claim payments.

Mr. Browning reported that the assessment refund project went smoothly, with 126 refund checks issued and all 25 assessment payments collected, for a net \$4.4 million refund total. Only a handful of refund checks have not yet been cashed and these companies have been reminded that the Pool's bank account will be closed soon.

Turning to the May and June income statements, Mr. Browning reported that the Pool's year-to-date net loss, through June, was only \$56,828. Much of the Pool's year-to-date claims expense was offset by receipt of an unanticipated \$370,000 drug class-action settlement in May. After further discussion, **Mr. Barbutti moved to approve the May and June 2015 financial statements. The motion was seconded by Mr. Ott and unanimously approved.**

Mr. Browning presented the second quarter 2015 TDI Statement. After further discussion, **Dr. Emmick moved to ratify the TDI second quarter 2015 Statement. The motion was seconded by Dr. Milligan and unanimously approved.**

Mr. Browning presented the favorable budget variance results for the year. YTD 2015 administrative expenses through July were \pm \$36,000 under budget, primarily due to lower actuarial expenses and a delay in the scheduled payment of the \$14,500 D&O insurance extension premium

until August.

III. Executive Director's Report

Mr. Browning discussed the 2Q 2015 report to the commissioner, which reflects good progress in all project categories. He and Ms. DeLargy will attend their fourth meeting with the TDI transition staff later today. Mr. Browning affirmed that he will document completion of all dissolution items for the Pool's file. He confirmed that, earlier this month, he sent the commissioner an application letter for discharge of the Pool Board, effective September 1st. As of yesterday, that application was working through the TDI system and there are no apparent issues with the request.

Mr. Browning presented the updated prompt payment penalty account chart, which details the Pool's receipt of penalties from insurers and HMOs and past payment of premium subsidies. The level of monthly penalty collections has been generally lower this year, but there is still month-to-month variability. To date, the Pool has transferred ±\$112 million to the State and will remit a final transfer next week of ±\$1.75 million, at which time the prompt pay penalty bank account will be closed. Mr. Browning reported that all companies were notified about the transition of the program from the Pool to TDI, effective August 1st. The companies responded quickly to the conversion notice and the Pool has not received a penalty payment in more than a week.

Updated Pool customer service reports were presented, summarizing the volume of recent telephone calls handled by the BCBSTX customer service unit as well as medical claims processed. While the Pool continues to receive ±60 claims each week, those claims were not incurred while Pool coverage was in force. The claims are either keyed over to replacement BCBSTX policies or rejected, if the patient does not have active coverage elsewhere in the BCBSTX system. The BCBSTX Pool customer service team continues to handle an average of 12 telephone calls daily.

IV. Board Issues and Administrative Matters

The Board discussed the proposal presented by Mr. Browning to extend the Pool's third party administrator services contract with BCBSTX, which expires December 31, 2015. He noted that TDI supports the proposed extension of services beyond the current contract period. Until year-end, BCBSTX will continue to provide all current services, including live customer service telephone coverage, but after year-end and through April 2017, the scope of services would be revised to provide: 1) a recorded telephone message on the Pool's toll-free line, with instructions for submission of written inquiries; 2) continued appeals/litigation support; 3) monthly claims/inquiry reporting and invoicing; and 4) manager-level account support. Under the terms of this proposal, the Pool would pay BCBSTX a \$60,400 flat fee prior to August 31, 2015. In addition, BCBSTX would continue to provide subrogation recovery services through April 2017 at the same 15% recovery fee set forth in the current contract.

If approved, this extended contract will be assigned to TDI before month-end. After further discussion, **Dr. Emmick moved to approve extension of the Pool's third party administrator services agreement with BCBSTX to April 30, 2017 and payment of a \$60,400 fee by August 31, 2015, for the scope of services described within the draft Addendum No. 1 included in the meeting binder. The motion was seconded by Rick Ott, and approved by all other members except Ms. McCandless, who abstained.**

Mr. Browning presented a proposal for continued management of the Pool's website by Delta

Consulting Group through April 2017, with payment of a \$2,000 flat fee by August 31, 2015. Delta, which also administers the New Mexico risk pool, has maintained the Pool's website for several years. The Delta professional services contract with the Pool is currently on a month-to-month basis. Mr. Browning recommended a continued relationship with Delta because its webmaster can manage the very outdated web platform originally developed by TDI and still used by the Pool today. He confirmed that TDI supports the extension of website management services. After further discussion, **Mr. Barbutti moved to approve the extension of the Pool's website services agreement with Delta Consulting Group to April 30, 2017, with payment of a \$2,000 fee by August 31, 2015, for the scope of services described within the draft Agreement included in the meeting binder. The motion was seconded by Ms. McCandless and unanimously approved.**

The Board considered an offer from Risk Pool Management Associates LLC, Mr. Browning's new company, to purchase an itemized list of equipment for \$300.00 before the end of the month. Mr. Browning confirmed that TDI had no objection to the sale of this equipment at the listed prices. After further discussion, **Ms. McCandless moved to approve the sale of the itemized Pool assets to Risk Pool Management Associates for \$300. The motion was seconded by Dr. Milligan and unanimously approved.**

V. Public Comment

Mr. Cole requested public comment. Mr. Jackson Boen, BCBSTX, and Mr. David Tolliver, Express Scripts, both spoke on behalf of their companies and expressed their appreciation for the opportunity to serve the Pool's policyholders and the Board. Mr. Cole thanked them and their teams for their dedicated assistance to the Pool over the years.

Mr. Ott formally recognized Mr. Cole's outstanding service to the Pool in his position as chairman of the board for the past 11 years. He noted Mr. Cole's perfect attendance record throughout his term, as well as his effective governance.

Dr. Emmick recognized Ms. DeLargy's contribution to the Pool as its first and only general counsel. He asserted that without her engagement in September 1997 the Pool would not have met its obligation under federal law to provide coverage by January 1998. Mr. Cole presented Ms. DeLargy with a certificate of appreciation for her 18 years of service to the Pool.

Mr. Browning thanked the Board for their support during his 17 years with the Pool. Mr. Cole recognized Mr. Browning for his effective leadership.

The other board members, in turn, shared their thoughts about the Pool and were all in agreement that it had been a very positive experience.

VI. Adjournment

After further discussion, **Dr. Emmick moved to adjourn the meeting. The motion was seconded by Mr. Barbutti and unanimously approved.** There being no further business, Mr. Cole adjourned the meeting at 10:00 a.m.