

**NEW MEXICO INSURANCE NOMINATING COMMITTEE
MEETING AGENDA**

FRIDAY, JANUARY 05, 2018

10:30 A.M.

State Capitol Building, Room 321
409 Old Santa Fe Trail, Santa Fe, New Mexico

1. CALL TO ORDER – R.E. Thompson, Chair

A regular meeting of the Insurance Nominating Committee was called to order on the above date at approximately 10:30 a.m. by Mr. R.E. Thompson, Chairman, at the State Capitol Building, Room 321, Santa Fe, New Mexico.

Introductions indicated the presence of a quorum as follows:

Members Present

R.E. Thompson, Chairman
Michael Hawkes
Tim Jennings
Bill Kinyon
Lisa Farrell Luján (telephonically)
Angela Romero
Tom Taylor
Scott Yurcic
Marty Thompson

Members Absent

Zach Cook

Staff Liaison Present

Vicente Vargas, General Counsel, Office of the Superintendent

Others Present

John Franchini, Superintendent
Bersabe Rodriguez, CFO
Roberta Baca
Andy Romero
Robert Doucette
Paige Duhamel
Glen McDermott
Lea Geckler
Kiki Peña

A. INTRODUCTIONS

- Committee Members
- Office of Superintendent of Insurance Staff

Members of the Committee and OSI Staff introduced themselves.

B. APPROVAL OF AGENDA

The agenda was approved by consensus.

C. APPROVAL OF MINUTES

- Regular Meeting Minutes of July 20, 2017

The minutes of July 20, 2017 were approved by consensus.

6. SUPERINTENDENT'S UPDATE - John Franchini

B. Premium Tax Audit Update (Revised Agenda Order)

Mr. Franchini thanked everyone for attending.

He mentioned that five items were on the agenda, but he wanted to inform them about a premium tax problem he asked for an examination on. He said the request caused an uproar and the audit was incorrect. Allegedly OSI had not collected \$193 million from 5 companies from 2010 until the end of 2015. Also, allegedly they had not collected another \$400 million from the rest of the insurance industry.

Mr. Franchini said the Department had been beat up and the State Auditor had free reign over them for two years, but with the help of LSD, the Department of Finance Administration and the State Auditor, OSI was able to get a corrected examination.

He explained that by statute OSI has more extensive authority over the financial statements of insurance companies when an examination is done. They had three good candidates that could do the examination, but the State Auditor did not like them. Examination Resources performed the audit. The company is good and has been doing this a long time across the country and specializes in premium tax audits.

Every department was informed of what was going on and the goal. At the end of the audit it was found that \$60-\$65 million in premiums had not been paid to the State between 2000 and 2015. They also learned there are ways of looking at the premium

tax that allows changes in how the taxes are reported that is advantageous.

The result showed OSI owed 7 companies more money, two companies they did not owe, and the remaining companies owed OSI money. Mr. Franchini said the premium tax process used may not have been the best, but it was honest, and the Department had only missed about \$50 million in the five years. They are now collecting about \$315-\$320 million and in years past collected around \$140 million.

Mr. Franchini stated the Department plans to simplify the premium tax collection process to make it easier and fair for everyone. The State Auditor never found fraud in their department, but he is confident the collection process in the industry is competent and capable. Although the Department admits they made mistakes, those are being corrected.

Mr. Romero asked how much of the \$50 million was prior to 2010 and the status of the litigation.

Mr. Franchini replied about 50% was before 2010 and they have not had a company ask for litigation to date. Half of the companies have paid, and a few are waiting for corrections to the bulletin that tells them how to pay the premium taxes in the medical insurance pool. The companies could still get their premium tax credit back once corrected. By the end of next week, most of the tax collection would be complete and there might be one litigator.

A Committee member requested the Superintendent send the list of people who have paid and those who have not because it would be easier to explain with that list. He also said they need to discuss the Fire tax.

Mr. Franchini agreed to send the list once the last project was completed next week.

Superintendent Franchini was asked if the method used to calculate the tax in the company's favor was done with intent. He thought because it was not consistent it indicated to him that it had not been intentional. There were changes in personnel at the time and some did calculations correctly and some did not, and it was just a mistake.

He explained OSI had planned to have an examination of the companies, but the auditors used an accounting firm and standard accounting procedures were used. He indicated they made terrible errors in calculation that OSI Staff found immediately. He thought to send the bills out with the distortion would have been wrong and would have hurt OSI's integrity.

A. Affordable Care Act and Current Health Care

Superintendent Franchini explained changes to the Act were on page 4 and there were changes that affect New Mexico. The cost-sharing reduction insurers companies are credited by the federal government for the low-income people who are unable to pay their deductions and co-pays. The reduction was eliminated, and he had to raise the rates 30% to cover that and policy holders had to pay for that.

Possibly the unintended effect of that ensures ESR renewable that 40,000 people in New Mexico could suddenly become eligible through their financial assistance subsidies if they qualify, for the Bronze Plan at no charge. They could also buy the Gold Plan which has lower deductibles and co-pays and cost about 25% less than the Silver Plan for a small amount.

Because of federal influence, the health insurance industries have been twisted sideways and OSI's job as a regulator is to make sure policyholders get the best policy and rate and the insurance company still makes a living.

Mr. Franchini indicated the goal for the next two years should be to bring health care back to New Mexico and New Mexicans decide how they want to handle their healthcare. The State has fought hard to keep healthcare in the State and it is the third most economic state in the union. They have five companies that write insurance in New Mexico and Massachusetts is the only other state that does. New Mexico companies are able to write statewide in every county and the industry is learning they can be profitable doing that.

Mr. Franchini provided an example of rates of a 45-year-old male in Albuquerque that could buy a Silver Plan for \$405 a month that in Tennessee would cost \$1350 a month. New Mexico had \$11 billion in premiums paid last year that does not include health insurance; up from six figures five years ago. Health insurance has become the biggest driver of the economy at 25% of the market and hospitals are now in better shape, and growing and provide better benefits and coverage.

He explained it is vital for OSI to keep an experienced health policy team to assist the State in looking for flexible 1332 waivers and options available. He stressed that New Mexico health care is not broken, but they need to use the current resources and catastrophic insurance and to use the medical insurance pool as a tool.

The Department has had a lot of pressure to close the pool which has been the only safety net. There is no longer federal underwriting for insurance policies and they should not get rid of the safety nets. Staff is working to find alternatives for next year to be ready for whatever the federal government does, but New Mexico is in better shape with health care than most states. They have great cooperation between the doctors, hospitals, regulators and the insurance industry who work together.

Page 5 talks about their Health Policy and Communication team which has made a huge improvement in addressing health care in New Mexico. The team has been in constant communication with the public and legislators in media through press releases and social media, and emails to their 4000 and growing subscription base.

The team also contributes to technology by maintaining and improving the websites and helping with health rates with 225 insurance plans. They are vital to ensure the public has a fair playing field and chance to get the best policy.

Senator Jennings mentioned attending one of the roadshows. He said it was very well done.

Superintendent Franchini replied he was glad to hear that.

The Department also created a carrier provider directory that is updated every 30 days where those buying a policy can see if a doctor or hospital is part of their policy. The provider directory tool has reduced the amount of complaints about plans.

There was a question about how the website was kept current.

Ms. Baca explained OSI requires healthcare carriers to submit their data promptly (from their Credentialing Department). OSI also takes a hands-on approach in monitoring and plans to use federal funds to do an audit to look at samples of all the carriers to ensure those listed are contracting with new patients. The audit should be completed by July.

Also, OSI plans to issue new network amnesty regulations that require carriers to conduct an annual audit to confirm their information is correct.

On that subject, Mr. Kinyon said he receives complaints all the time about surprise billing. Someone goes into the hospital and the insurance pays the bill and the person receives bills from providers they don't even know.

Ms. Baca indicated that OSI introduced legislation last year that handled payment disputes with surprise billing. In 1998 New Mexico had the Patient Protection Act that prohibited billing of emergency care services when the person had no choice in the provider, but people were still getting billed when providers and carriers could not work out a payment.

In emergency services they now hold the patient harmless and introduced legislation to resolve the issue between providers/carriers as well as handle hospitals/doctors not under contract with the hospital or health insurance company. They were asked for set reimbursement rates so OSI decided to research how prevalent the problem is in New Mexico compared to the nation.

A legislative proposal is on their website that proposes two methods for the resolution of a billing dispute; a benchmark of a percentage with Medicare, or an independent group for rate setting. They have asked providers and carriers for feedback and plan a stakeholder meeting on the issue after the legislative session. They hope to introduce a draft bill in the next session.

Mr. Franchini mentioned that North Dakota recently passed legislation that could be used in New Mexico saying that the federal government FAA requirement for their ambulance and billing procedures would not be accepted in the State. They can only be contracted through the regulatory process with health insurance carriers. New Mexico is now working on the issue.

Senator Jennings said, while working on that, there are three air ambulances in Artesia and all they do is fly people out. Eastern, Carlsbad and Lea County hospitals are the closest and Carlsbad has three stars; the others have two stars on the Medicaid report for services they provide. They are airlifting people from Roswell to Lovington or Hobbs for gastro and colonoscopies and flights run 50,000-60,000 dollars. There needs to be a standard for hospitals.

Mr. Franchini replied they negotiate the price to get it down and if the fee is \$50,000 they end up paying \$10k and the insurance companies pay it. He mentioned a case with Cibola Hospital that had a helicopter take a patient to UNMH for an MRI when land transportation would have taken an hour less and cost \$2500 instead of 48,000 dollars. He thought there should be a rule that you do not have to pay for that.

He stated that Medicare is no longer paying doctors who do not get good results. Doctors who do have good results are paid more and quickly as an incentive instituted by the federal government with Medicaid, which is 30% of the medical market. The most important job for OSI is to be make sure policyowners are not in the middle and help those who are uninsured. They should be able to leave those who are insured out of the discussion.

Senator Jennings suggested having a fee schedule for the flights. The broader picture with the legislature appealing the mandate of the purchase of insurance, is there would be adverse selection in the plans. The rates would eventually have to compensate for that or the federal government might have to give grants for those who cannot or will not pay.

Mr. Franchini replied that New Mexico should have the right to decide how to cover their people. He was an advocate for finding a way to get people to be responsible. People pay for auto insurance and homeowners insurance and should be doing the same for their bodies.

Senator Jennings thought they would need to go back to those who have no insurance going to emergency rooms and hospitals would have to find a way to somehow make that up.

Mr. Franchini noted that over the last five years they know the rural hospitals have become more stable and secure because there are more people with insurance. The Medicaid expansion helped with about 300k people in New Mexico and the insurance exchange has another 100,000. He thought if everyone worked together they could find a solution.

Ms. Baca said unless they have subsidies there will be mass exodus, especially if unhealthy and it would turn into an unstable high-risk pool and fall back on the State.

Mr. Taylor said the federal government sometimes puts in a lot of extra things that the State does not have to do. The State should decide what they need to ensure citizens have what they need.

Chairman Thompson mentioned that his son and wife had a baby and pays for insurance and has a copay for each child. They all ended up in the hospital in the same week and he had \$13,000 in copays and that is hard for the average New Mexican to afford and still pay for insurance. No matter what the plan is the copays are high before the insurance premium. And catastrophic insurance is the only thing they are selling.

Mr. Franchini agreed but thought many people liked the plans. Only around 20k have a problem and he did not know how to correct that. They are trying to have enough companies that write insurance, but he agrees they need to make it better. He thought bringing health care back to New Mexico would be better if they could get funding from the federal government for guarantees.

Chairman Thompson thought throwing the high-risk in that would probably be more than the 30% increase.

Mr. Franchini agreed it could be. He indicated he had economist working on the issue.

Mr. Vargas agreed with the mandate there will be some out migration, but either way the carriers have a better argument for rate increases and it would be years for rates to restabilize.

Regarding the copays and deductibles and the rapid escalation of premiums, when he was brought in the superintendent asked him to look into bringing management of health insurance back to the State. From an insurers perspective the real cost is a variance around the patient cost.

You are trying to get rid of the risk and being actuarially fair the insurance company's interest is to pass the expense on to the consumer, and is a reasonable way to do business.

The regulators prefer that insurance companies make payments, so the consumer is not levied.

He thought they could build a model and to change something they would first need to know if something is broken and if they could offer a better solution. If they pretend there is one insurance carrier in the State and have a profit function and then there is horse trading that happens through the State regulation system. They should be able to get buy in from carriers if they want a policy change, if the new picture justifies and demonstrates either more industry profit, or no change in profit but lower premiums.

Mr. Vargas said he has taken that approach over the last few months to build analysis. His first interest is not to do damage to the industry. As people flow out of the individual market it becomes more expensive and carriers need to make money somewhere and are competitive. They will either price themselves out of the individual market or choose to stop participating.

If you choose to stop participating and your competitors continue to participate, you can now be more competitive and offer lower rates and close the door on competition. The real risk is that Washington activities create uncertainty and changes the expected cost. He looked at how to break up the risk pool to reduce the expected cost and takes the approach by pulling a larger group of individuals out of the individual markets the average patient cost, co-pays and deductibles would come down.

He thought at the end of the day changes would not be 30% or 40%, but more 3, 4 or 5% and as those changes in the expected cost get smaller, the rates would move in a more predictable pattern.

Chairman Thompson asked to confirm that he was saying higher risk insurers should go into the high-risk pool and some people would not buy insurance and they will go back to going to the emergency rooms.

Mr. Vargas explained that the odds are that the way it is currently run the uncompensated would pass away and that would hurt, but that is within their control. That is where they could sit with the industry across a quantifiable model to identify a clear input of market viability and premiums.

Mr. Franchini said they know that 5% of the policyholders bought 85% - 90% of all premium payment. They need to figure out how to pay for those and not discriminate against them. People that are healthy should pay costs at a normal rate and have catastrophic set up to pay for that. We are looking at that and he thought it could work.

The companies, the public, the industry and the regulators all want to work at that.

Mr. Kinyon said, from his perspective when you have a state that is approaching half of the population on Medicaid, no matter what you do it is not sustainable. In the insurance world they have to find out how to get 50% of those people off Medicaid and even a quarter of them is far beyond what is found in other states. Any pullback in federal funding would be catastrophic for New Mexico because half of the population is not paying for their healthcare and that is a giant problem.

He continued that they have to turn that around or much of the discussion is pointless because with that many relying on subsidies to pay for their healthcare it is not sustainable.

Mr. Taylor said what is happening in Medicaid; it is being shifting from the federal government to the state.

Mr. Franchini said they are trying to shift it but the State does not want a bigger share. The government made promises but now say they do not want to give any money they want the State to care of it. The government is trying to cut the benefits and fees paid to the doctors and hospitals and Medicaid is by far the smallest benefit for the cheapest payout. When Medicaid is squeezed everyone on the other side [the insured] pays 10%-15% more.

Along with that, the pharmacies are not getting paid the cost of their drugs either.

Mr. Franchini agreed. He pointed out some things that OSI has done to mitigate. They have a partnership with the Consumer's Checkbook, a national nonprofit organization that launched the first one stop shop for on and off exchange healthcare. The result is 3644 regular users looking for a better market. The tool is easy to use, and he went onto the website without instructions and within five minutes he found 9 policies in the system and he was amazed at how well it worked.

OSI used a comprehensive approach and used radio, social media, TV, print news and had over 3 million touches in the State in two months. This makes it easy for the public to use the website and have a say in choosing their health plan provider. And they found not as many people are complaining that their plan was not what they wanted.

Ms. Luján said kudos, it is great. She tested it and it is very good.

Mr. Franchini continued that talking about the premium tax profit. Thirteen out of 30 companies owe additional tax and they have collected about \$18 million so far and they expect an additional update by the 15th of the month. Two companies were exempt because they are Medicare only and 15 companies had overpaid or did not owe, and 6.5 companies have paid, and 6.5 companies are pending.

Presbyterian through the AG has partially paid, but has another amount that is more than 50-60% owed and two findings that were settled. OSI will change their bulletin, which was set up to keep people from getting double credit. They plan to add a line that if a company goes out of business they will be able to collect the tax in the following year. OSI have not had any hearing requests but are ready and have two hearing officers and good people in prevention to help.

Senator Jennings said in the last legislative session \$70 million was taken out of the Fire Fund and as premiums came in OSI was to pay that back. They are not paying the Fire Fund now and there have been a couple of quarters that should have been paid and they did not receive the money. Some of that is operating money and they are going into a fire season.

Ms. Rodriguez said OSI sent that to DFA and they distributed it accordingly.

Senator Jennings said it is not getting there and the Fire Marshal is short 20 FTE and somehow this must get resolved.

Mr. Franchini responded that the Fire Marshal should be part of this because the rates and property rates in the state are dependent on the proper type of fire prevention across the State. That kind of knowledge is in the Insurance Department and in the OSI division and he does not know why it was ever taken out. It belongs in the OSI because their actuaries do that and understand it.

The Fire Marshal needs OSI's support. And the money is being sent but they are not receiving it. That is a problem and if this is not resolved quickly the fire protection classes for today could take years to get back to normal and that could result in a 30% increase in property insurance cost.

Mr. Rodriguez agreed it is an issue and they are looking at a tough fire season.

Mr. Doucette replied they do the distribution monthly not just to the Fire Fund, but other funds and every month they send the fire funds to DFA. He did not know where the money is being stopped.

Senator Jennings replied that he has been on the inspection side and understands but it is a good program and keeps safe equipment and if a house burns down it would become a bigger problem.

Mr. Franchini agreed. He offered to ask the governor and get back to the Senator.

He noted that the last three items were on legislative and a budget item.

LEGISLATIVE UPDATES - General Counsel Vicente Vargas

A. STERM Employees to Permanent Full Time Employees

Mr. Vargas directed the committee to page 10 to review three items with OSI's legislative package. The first item was a priority - the approval of the FY19 budget.

He noted the graph of the requests comparing FY19 to FY18 and asked them to focus on the line of Other transfers in the first column. The FY18 budget is \$9 million and Other monies are shown but do not go toward the full operation of their office. The Other transfer section funds the operation.

He reviewed the budget request:

In FY19 a base budget of \$7.3 million is requested with \$636,000 for an expansion program and the total request is \$8 million. The expansion request allows them to keep the full seven-person health policy team. STERM is not permanently funded and is currently funded through federal grant dollars that partly expires in September and partly in October.

The impact would be huge if the legislature does not approve the \$636,000 expansion there would be no funds in the State funds to maintain the employees. The Federal dollars this year cannot be utilized for the FTEs.

Mr. Vargas asked that the Committee members contact their legislators to let them know supporting the initiative is vital.

Mr. Vargas continued that another FTE is included in the expansion request to help manage the Pharmacy Benefit Manager Regulation Act. OSI oversees the Act and has the authority to regulate and manage the Act, but does not have the position to address their regulatory responsibilities.

Mr. Franchini said as Ms. Romero pointed out, that OSI has never had the focus and the money to do it. They are doing more with less and have eliminated 30 positions last year and OSI will be leaner and must be more efficient. This request increases their ability to provide this benefit.

Mr. Vargas directed the Committee to page 11 and an overview of the Health Policy Team current work.

He has learned regarding the team, because of the uncertainty of federal funds and the nonexistence of State funds, they are in the position of losing employees and have lost one. This group is highly talented with advanced degrees and years of experience in the

health policy field. They may start to look at other places to work and if they left that would not be beneficial for the State and to those they serve.

B. Owner Risk Solvency Act

Mr. Vargas directed members to page 12 and 13 on legislation mentioned with the Committee before and the Owner Risk Solvency Act will move forward again. The Act is consumer protection legislation that requires insurers writing in excess of \$5 million in annual premiums or insurers with financial difficulties, to submit reports on the risk they currently take and any risk in future business plans.

This is a national movement as a result of the AIG collapse.

Page 14 shows a map and the proposal comes from the National Association of Insurance Commissioners (NAIC) in the US and New Mexico is the only state not approved in ORSA. They plan to move this forward and it needs to be approved by the legislature and the Governor. Senator Tim Lavelle will carry the legislation and the bill introduced this year is based on compromises agreed to last year.

Senator Jennings suggested this proposal be put in close to where the Nurses Act is because New Mexico does not have reciprocity for nurses and is the only state that does not. They will have to come back to that.

Mr. Vargas said they would absolutely look at that. They are ready to tackle this and NAIC allowed two OSI examiners to take the ORSA training to be familiar with the ACT once it has passed.

Also, without ORSA, OSI is at risk of losing accreditation with the NAIC, which would be a national embarrassment and a loss of support. Another impact is that OSI could be opening themselves up to federal regulation, or their insurance market.

Mr. Franchini noted as insurance regulators they regulate the company on their past activity. AIG decided two years before they started that they would go into mortgage-backed securities. If the ORSA Bill had been in effect AIG would have been required to state their future plans and any advantages and disadvantages they could see.

The trial bar does not like that and wants to know what they will be doing and why. It is great for policyholders and the State to have the protection and under ORSA it would have brought up questions and have AIG justify their plan. If this is not passed they will lose an extra tool in protecting policy holders in the future. The trial bar does not want confidentiality.

Mr. Vargas said the goal is to meet with the trial bar to get their support. An example of consumer protection legislation – it would really affect only three companies in New Mexico, however it would protect 115,000 policyholders in the State.

He noted that the superintendent had mentioned the confidentiality aspect and that is where they hit the roadblock. They are requesting that any material filed with the OSI be allowed to remain confidential and not subject to any IPRA and that is not unheard of in the statute.

They do not say that some states do is that the confidentiality would carry over into litigation through the court and OSI is not asking for that. A company involved in litigation outside of the administrative OSI process, the company and plaintiff could litigate whether the information should be released to the public. That determination would be made by a District Court judge. They are asking that while this information is in the OSI that competitors of that company not be allowed to request the information.

C. Financial Audit Bureau transfer to Taxation and Revenue

Mr. Vargas directed the Committee to page 17 showing the premium tax collection and audit transfer legislation that is moving forward. The last session a bill moved forward to transfer oversight authority of OSI over premium collection and auditing responsibilities to the Tax and Revenue Department. They asked to pull the legislation because it was not as easy to do as written.

They are working with TRD, DFA and LSD to draft legislation to shift the responsibility to Tax and Revenue. The legislation is being finalized and will be introduced soon and the Office of Superintendent of Insurance would be available to testify for information purposes.

The transfer is slated to begin January 1, 2019 in the middle of the fiscal year. He apologized for an error in the document that said it would begin in 2018 rather than 2019.

Mr. Vargas clarified that none of the 6-7 FTEs for STERM were slated to be transferred to TRD. They are permanent FTEs from the OSI's Financial Audit Bureau that manages the premium tax issue and would transfer with the function.

Senator Jennings along those lines he should ask for a study to transfer moving the State Fire Marshal back. He might get a lot of support for that and if nothing else, OSI might be able to get them the money faster.

Mr. Vargas agreed a study might be in order and they are in preliminary discussions with legislators for that to happen in 2019 or legislation that would do it immediately.

Senator Jennings thought that would make sense because that is how it is funded, and they do not need a middle man and if nothing else, what about putting it under TRD.

Mr. Yurcic said he had always been in favor and felt that the premium tax collection was a conflict of interest for the Superintendent of Insurance and his office to regulate, fine and take away licenses in addition to collecting premium taxes. That was too much in one place. When he was an agent he had a company tell him about a problem because there were unlicensed claim people in New Mexico and the OSI found out about it. The fine was going to be \$120,000 but instead they were able to pay a certain amount to a nonprofit organization and the rest was dropped.

They need to separate that and not have the burden of having extra money to control. It would take away power from the department but makes them purer in what they do. He asked for more information on the local report that OSI would be loaning legal counsel to the local district attorney to prosecute a criminal case.

Chairman Thompson asked the Chief of Insurance to provide insight.

Mr. Vargas said there has been a lot of news coverage about OSI's two attorneys covering a high-profile case in Las Cruces. There are two prosecutors; Mr. Davis has over 32 years prosecutorial experience and has tried thousands of murder cases. He provided some of his prosecutorial background. Mr. Chapman also has more than 17 years of prosecutorial experience and OSI has been lucky to have them work for the Office of Superintendent of Insurance. The OSI works closely with the Association of District Attorneys and was approached by the Las Cruces DA whether their department could take this on.

The attorneys would do this mostly on their own time using many of their resources. It is not unusual to look in the pool of prosecutors and who has the most experience. The OSI felt this a public policy issue and Mr. Davis is passionate about the issue and both are working on weekends and evenings on their time and paid by the Third Judicial Court.

Mr. Franchini added that this is an experiment. They have many talented people and with all of the department cutbacks on employees and the budget they need to work smarter and use the talent. They desperately needed help in Las Cruces and need to share their resources to run efficiently.

This would help OSI get a reputation and recognition by more people and advance the department.

The Chief of Insurance said all of them are carrying caseloads and still prosecuting fraud cases and they have a multi-jurisdictional auto theft task force. Bernalillo County is number one in the nation for auto theft and will be again in 2019 and that affects rates. There has been a 13% increase statewide which, for smaller municipalities is a concern. OSI is part of a statewide task force with the city manager and lead council and they prosecute a lot of those cases.

The Second Judicial District had 1500 on indicted auto theft cases and when the new district attorney took over ATV identified 20 top offenders and was able to indict ten. The OSI took the next 20 and identified 322 repeat offenders with more than 8 receiving and transferring charges with two provable priors. They have a case management system and take cases one at a time. The team feels strongly and volunteers their time to do other cases and none of the insurance or consumer cases have suffered.

The Insurance Fraud Bureau had only done 6 cases since inception and she has processed 18 and now they are over 100 cases with over 1000 referrals with about 500 cases viable. They will probably need another prosecutor and another paralegal in the next year or so.

They are educating people about what they do and what they should do if they get into an accident or consequences of inflating a claim. Some is education, but some auto theft and white-collar insurance fraud is a big business for drug cartels and other organized crime. They will see cases tried statewide in the next few years that the federal government was not interested in.

4. BUSINESS FROM THE FLOOR

There was no business from the floor.

5. CALENDAR NEXT MEETING

Chair Thompson recalled that the statute requires at least one meeting a year of the Committee. He asked if they should schedule a meeting for the summer or wait and base that on need.

Mr. Jennings thought there should be another meeting because they had enough the issues on the status of the costs of health insurance. He talked about the problem with flying into Lubbock and the pharmaceutical issue and thought there was enough that should be discussed.

Chair Thompson suggested because summertime is hard to schedule meetings to tentatively schedule a meeting for May that allows time to see what happened at the

legislature and with healthcare changes.

The next meeting was tentatively scheduled on Friday, May 18, Friday at 10:30 a.m.

6. ADJOURNMENT

The meeting was adjourned at 12:00 p.m.