

**FLORIDA HEALTH MAINTENANCE ORGANIZATION
CONSUMER ASSISTANCE PLAN
BOARD OF DIRECTORS MEETING
Tuesday, June 9, 2015 at 11 a.m. EDT
By Teleconference**

Board Members Participating

Dr. Raed Assar, Chairman
John Hogan, Vice Chairman
David Schandel, Secretary/Treasurer
Rosy Cozad
Chris Patterson
Steve Harris
John Matthews

Others in Attendance

Mary Schwantes, Florida Department of Financial Services
Toma Wilkerson, Florida Department of Financial Services
Rich Robleto, Florida Office of Insurance Regulation
Carolyn Morgan, Florida Office of Insurance Regulation
Virginia Christy, Florida Office of Insurance Regulation
Eric Johnson, Florida Office of Insurance Regulation
Valerie Reglat, Florida Office of Insurance Regulation
Bruce Platt, HMOCAP Plan Manager, Akerman
LeShan Smith, Akerman
Sheryl Rosen, Akerman

I. Call to Order

Chairman Dr. Raed Assar called the meeting of the Board to order, welcomed attendees, and noted the presence of a quorum.

II. Antitrust Preamble

Dr. Assar read aloud the following antitrust preamble:

We are here to discuss and act on matters relating to the business of the Florida Health Maintenance Organization Consumer Assistance Plan ("HMOCAP"). We are not here to discuss or pursue the business of our individual member companies. All of us should proceed with caution and awareness of the requirements and prohibitions of federal and state antitrust laws. We should not engage in discussions, either at this meeting or in private conversation, of our individual companies' plans or contemplated activities. We should concern ourselves only with the business of the HMOCAP as set forth in the agenda for

this meeting. Only HMOCAP matters may be discussed at the meeting and each company's business plans cannot be discussed.

III. Review and Approval of Minutes

Dr. Assar asked the board members for changes or approval of the September 22, 2014 board meeting minutes. Secretary/Treasurer David Schandel moved to approve the minutes as drafted. Rosy Cozad seconded, and the motion passed unanimously.

IV. Review of HMOCAP Audit

Mr. Schandel presented an independent auditor's report of the HMOCAP's financial statements as of December 31, 2014 and 2013 prepared by Moran & Smith LLP. The report reflects an unqualified opinion that the financial statements fairly present the HMOCAP's financial position. While there was nothing unusual in 2014 to report, for clarity, Mr. Schandel explained the line item for distributions received are shown as zero because of the lack of HMO insolvencies, and accounting and auditing expenses were less in 2014 than 2013 because a market conduct investigation by the Florida Office of Insurance Regulation in 2013 resulted in greater accounting expenses that year.

Steve Harris made a motion to accept the financial statements as presented. Ms. Cozad seconded the motion. It was approved with no opposition.

V. Potential HMOCAP Actions in Insolvency Situation

Plan Manager Bruce Platt explained that there have been recent concerns regarding HMO solvency issues, especially because HMOs are not able to limit enrollment if they participate as Qualified Health Plans in the Exchange, and the resulting rapid growth may overwhelm some HMOs. He also noted that many Medicaid HMOs also have commercial members, and the recent Medicaid premium issues negatively impact these HMOs. He then presented an overview of the HMOCAP's obligations should an insolvency arise. He explained that the HMOCAP is only responsible for providing coverage to commercial members of a Florida HMO that has been deemed insolvent. The HMOCAP's responsibility is limited to a maximum of 6 months from the date of insolvency or until the members transition to alternative coverage, whichever is sooner.

Mr. Platt explained the statutes and the HMOCAP's Plan of Operation gives the Board flexibility in determining how members' coverage will be assumed. On the date of an insolvency, the HMOCAP assumes the coverage, and it can administer the coverage through a third party administrator or a health insurance company acting as a third party administrator. During the previous insolvencies in the 1990s, the HMOCAP engaged third party administrator Administrative Services Inc., but this company is no longer in existence. For the remainder of the HMOCAP's coverage responsibility, it can continue to provide the coverage itself through the third party administrator, involuntarily assign the coverage to one or more HMOs operating

in the geographic area,¹ or issue a request for proposal or negotiate with one or more HMOs to assume the coverage.

Mr. Platt addressed how the advent of the Affordable Care Act affects the HMOCAP's operation. For members who purchased their coverage through the federal insurance Exchange, an insolvency would be a qualifying event that would allow them to switch to a new Exchange plan. However, many if not most of the members that have coverage through the Exchange receive subsidies that pay a large portion of their premiums. The subsidy might not be transferred to compensate the HMOCAP, so it is uncertain whether the HMOCAP would charge the members their full premium rate or the portion not covered by a subsidy. Eric Johnson of the Florida Office of Insurance Regulation ("OIR") stated that the subsidy would not be available to the HMOCAP because a plan is decertified by the Centers for Medicare and Medicaid Services when insolvent, and upon decertification, subsidies are no longer available. Rich Robleto, Deputy Commissioner of OIR then confirmed that an insolvency triggers a special enrollment period, so the members would be able to switch to a new Exchange plan. Given that information, Mr. Platt stated that the HMOCAP Board, working with the OIR and the Department of Financial Services, would need to determine the appropriate premium to be paid by persons who receive a Federal subsidy. He noted that this might not be much of an issue if an insolvency occurs at the beginning of the month and persons are able to enroll in other subsidized coverage. However, if the insolvency occurs later in the month they might not be able to enroll in a new Exchange plan in time to have other coverage the following month.

Dr. Assar asked if the Affordable Care Act included any provisions for insolvencies of plans offering coverage on the Exchange. Mr. Platt stated he does not know of any such provisions.

VI. Office of Insurance Regulation Updates and Issues

Mr. Robleto expressed a general sentiment that many factors are currently affecting the health of commercial HMOs, including cuts to Medicare Advantage rates, issues with Florida Medicaid rates, and changes brought by the Affordable Care Act.

A discussion ensued regarding the financial ability of the HMOCAP to operate in the event of an insolvency. Mr. Platt stated that the HMOCAP has over \$9 Million in assets and at least \$ 4 Million it can access immediately to pay costs related to an insolvency, and that amount should be sufficient based upon the prior insolvencies. Board members expressed concern that this might not be sufficient in today's environment. Mr. Platt noted that the HMOCAP also receives premiums paid for the period beginning on the date of insolvency, and the Department of Financial Services has released such monies to the HMOCAP quickly in the past.

Dr. Assar suggested the HMOCAP consider holding off on reinvesting some of the proceeds of certificates of deposit as they mature. Mr. Platt recommended that the Board not amend the investment policy at this time, as most of the CDs are in terms of 2 years or less, and they are maturing frequently on a rolling basis.

¹ Although not discussed in the meeting, as provided in the HMOCAP's Plan of Operations, coverage provided by HMOs that are involuntarily appointed is subject to a loss ratio guarantee by the HMOCAP.

Mr. Harris asked how much exposure would the HMOCAP have for non-payment of the full premium. He moved to authorize Akerman to research how quickly the HMOCAP is able to terminate members for non-payment of premium and whether such termination would be retroactive such that providers would not have to be paid for services provided to members who subsequently are terminated. Vice Chairman John Hogan seconded the motion. Dr. Assar suggested limiting the research to a specific dollar value beyond which Mr. Platt would come back to the Board for further authorization. Mr. Platt suggested \$2,500. Mr. Schandel moved to approve the research up to \$2,500. Mr. Harris seconded, and the Board approved the motion unanimously.

VII. Department of Financial Services Updates and Issues

Mary Schwantes of the Florida Department of Financial Services indicated that the Department had no updates or issues to report.

VIII. Other Business

The meeting attendees did not raise any other business.

IX. Adjourn

There being no further business, Dr. Assar declared the meeting adjourned.

David C. Schandel, Secretary/Treasurer
Florida HMO Consumer Assistance Plan

Dated this ____ day of _____, 20__.