

**FLORIDA HEALTH MAINTENANCE ORGANIZATION
CONSUMER ASSISTANCE PLAN
BOARD OF DIRECTORS ANNUAL MEETING
Thursday, September 10, 2015 at 4:30 p.m. EDT
Hilton Bonnet Creek Hotel, Orlando, Florida
Lake Conference Room**

(In conjunction with the Florida Association of Health Plans Annual Meeting)

Conference Call In Number: 877-434-2293 Passcode: 8504251634

Board Members Participating

Dr. Raed Assar, Chairman
John Hogan, Vice Chairman
David Schandel, Secretary/Treasurer
Ed Greise
Rosy Cozad
Chris Patterson

Others in Attendance

Mary Schwantes, Florida Department of Financial Services
Sha'Ron James, Florida Insurance Consumer Advocate
Angel Mojulte
Katina Johnson, Florida Office of Insurance Regulation
Brad Bentley, AvMed
Bruce Platt, HMOCAP Plan Manager, Akerman
Ed Kutter, Akerman
LeShan Smith, Akerman
Sheryl Rosen, Akerman

I. Call to Order

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

II. Antitrust Preamble

Chairman 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

Chairman Assar asked the board members for changes or approval of the June 9, 2015 board meeting minutes. Rosy Cozad moved to approve the minutes without change. Vice Chairman John Hogan seconded the motion, which passed unanimously.

IV. Discussion Regarding Vacant Board Position

Plan Manager Bruce Platt stated that there is one vacancy on the board. The HMOCAP can have up to nine board members, and it historically has had a full board. After Albert Arca left the board earlier this year, Mr. Platt sent letters out to HMOs asking for recommendations for new board members but received none. The board can continue to operate with eight members if desired, but Mr. Platt suggested continuing to seek an additional board member and proposed to send another solicitation pursuant to Plan of Operation requirements.

Chairman Assar asked if the board would like to authorize Mr. Platt to send notice to the Florida HMOs seeking an additional board member. Ms. Cozad made such a motion. Mr. Patterson seconded, and it passed unanimously.

V. Financial Statements

Secretary/Treasurer Schandel provided an interim update of the HMOCAP's balance sheet as of July 31, 2015. He noted that the HMOCAP received a total of \$125,000 of special assessment revenue this year from five companies that filed applications for certificate of authority to operate new HMOs. He also noted the balance sheet reflects additional legal costs resulting from research Mr. Platt did regarding the HMOCAP's duties toward plan enrollees who purchased plans with federal subsidies. Aside from those items, the balance sheet is consistent with prior years.

Mr. Patterson offered a motion to approve the financial statements as presents. Mr. Hogan seconded, and it passed unanimously.

VI. Budget and Proposed Budget

Secretary/Treasurer Schandel presented a proposed 2016 budget. Items that stand out include that the contract services for plan manager is proposed at \$66,000 for 2015 compared to \$60,000 for 2015. He added that the plan manager annual contract fees have been approximately \$60,000 since at least 2008. Secretary/Treasurer Schandel also pointed out that the line item for projected legal costs reflects an increase from \$1,500 in 2015 to \$5,000 for 2016 because of potential insolvencies that might occur in the near future. Other items in the budget are consistent with past costs.

Mr. Patterson offered a motion to approve the proposed budget as presented. Ms. Cozad seconded the motion, which passed unanimously.

VII. Investment Report

Secretary/Treasurer Schandel presented investment report as of July 31, 2015. The report reflects that the Florida Treasurer's Special Purpose Investment (SPIA) Account held \$3,657,178.51. SPIA made changes in March of 2015 limiting the HMOCAP's investment amount to December 31, 2014 levels, so the HMOCAP cannot add funds to this account. Secretary/Treasurer Schandel recommended continuing to keep the present investments in SPIA. However, SPIA's liquidity is limited, as the HMOCAP can only withdraw 40% of its funds from SPIA immediately, although it can withdraw the remainder with advance notice.

Additionally, the HMOCAP's money market held \$272,280.98, the Wells Fargo checking held \$93,068.19, the Wells Fargo CD ladder held 4,975,000, and the Hancock Bank single CD held \$130,061.37.

VIII. Investment Options

Secretary/Treasurer Schandel next presented a portfolio report regarding the Wells Fargo CDs held by the HMOCAP. Mr. Platt added that he and LeShan Smith of Akerman spoke to a Wells Fargo financial advisor recently. Mr. Platt is concerned with the rates of return the HMOCAP is currently receiving, but the advisor recommended avoiding stocks and bonds. Mr. Platt added that the HMOCAP limits its CDs to \$250,000 each to avoid exceeding the limit of FDIC protection. However, it has been difficult to find CDs to invest in at the \$250,000 level.

Chairman Assar noted that the SPIA averages about a 1.4% rate of return. Secretary/Treasurer Schandel said Wells Fargo CDs have been ranging between half a percent to slightly over 2%. Chairman Assar opened for discussion whether the board would like to accept greater risk given that the rate of return has been covering operational expenses.

Mr. Patterson asked whether the 40% that can be withdrawn immediately from SPIA would be sufficient given past history of the HMOCAP. Mr. Platt replied that the previous insolvencies were many years ago, and so the HMOCAP's history is not a reliable indicator.

Chairman Assar stated that he is not in favor of accepting additional risk at this time. Ms. Cozad agreed and stated that the board has several million dollars immediately available between the 40% of SPIA that can be withdrawn and the CDs that can be liquidated. There was general agreement among the Board members that the HMOCAP's current investment policy is adequate and no change is necessary.

IX. Selection of HMOCAP Auditor

Mr. Platt stated that the HMOCAP Policy and Procedure Manual requires that the HMOCAP solicit quotes for auditors every three years. As a result, Mr. Platt recently sent quotes out to four CPA firms that have experience working with HMOs. He received two responses. One

proposal was from the HMOCAP's current auditor Chris Moran at a cost of \$6,000, which is \$500 less than Mr. Moran's charges for 2015. The second proposal received is from the James Moore firm with a proposed annual cost of \$12,000. Mr. Platt recommended continuing to hire Chris Moran - given Mr. Moran's experience with and satisfactory past service to the board and his competitive cost.

Chairman Assar asked if the Board is required to change auditors. Mr. Platt replied that the Policy and Procedure Manual requires the HMOCAP to solicit proposals from auditors every 3 years but does not require the Board to select a different auditor.

Ms. Cozad moved to accept the proposal from Mr. Moran for 2016. Mr. Patterson seconded, and the motion passed unanimously.

Mr. Platt added that he will notify the responding CPA firms of the Board's decision.

X. Plan Manager Report

Mr. Platt stated that pursuant to statutes, the HMOCAP is required to review its Plan of Operation and consider whether any changes are advisable. Mr. Platt reviewed the Plan of Operation and does not recommend any changes at this time.

Mr. Platt next addressed the issue of the HMOCAP's authority to terminate members of insolvent HMOs for nonpayment of premiums. The board discussed in the last meeting whether subsidies received by members who purchased their coverage through the Exchange would flow to the HMOCAP. Mr. Platt confirmed the subsidies will not be available to the HMOCAP. Issuers on the Exchange are required to allow a 3-month grace period for members to pay their premiums. Mr. Platt believes the HMOCAP is not subject to that requirement because it is not health plan, but he said there is an argument that the HMOCAP is bound by the insolvent HMO's contract language. The particular contract language may vary, but under Florida law, HMOs must allow a 10-day grace period, and retroactive termination is allowable after that 10 days.

Mr. Griese expressed concern about whether providers would receive appropriate notice that the member's premium was pending before the provider performs services. Mr. Platt replied that the state as explained that it would try to move the Exchange members to alternate coverage before an insolvency is declared. After an insolvency occurs, the HMOCAP would tries to quickly transition members to new coverage. This should reduce nonpayment to providers and interruptions to members.

Mr. Platt next provided a review of website vendor 3W Studios. He stated he has had some difficulty with the vendor lately, including unexpected charges and trouble updating the website. He asked for authority from the board to solicit proposals for alternate website vendors. Mr. Griese made a motion to authorize Mr. Platt to solicit proposals. Mr. Patterson seconded, and it was passed unanimously.

Mr. Platt moved the discussion toward the search for a third party administrator (TPA). In the past, solicitations for a TPA have gone unanswered, or there have been concerns with the TPA

that responded. He explained that he had asked for names of TPAs with good reputations that may be able to assist the HMOCAP, and to date he is aware of the four whose names previously had been distributed to the Board:

CS Services Inc.
First Coast Service Options
Med 3000/McKesson
Payor Fusion Holdings

Mr. Platt explained that he had received no objections to any of these companies, and he proposed to give the board members another week to suggest additional companies, and then send out solicitations at that time.

Chairman Assar asked how the TPAs are compensated. Mr. Platt responded that the HMOCAP's prior TPA was not paid a retainer but received a specific payment per member per month once an insolvency occurred. However, Mr. Platt thinks any new TPA potentially will require a payment to remain on standby in the event of an insolvency. He suggested seeing what responses he receives from the TPAs and bringing the responses to the board for review.

Vice Chairman Hogan moved to authorize Mr. Platt to send solicitations to TPAs, and Treasurer/Secretary Schandel seconded the motion. The motion passed without opposition.

XI. Review of Plan Manager

After Mr. Platt and other Akerman members stepped out of the meeting, Chairman Assar led a review of the plan manager. The board agreed to accept the Plan Manager Agreement for 2016 as proposed by Akerman.

XII. Election of Officers

Mr. Platt stated that Chairman Assar, Vice Chairman Hogan, and Secretary/Treasurer Schandel are concluding their two-year terms as officers. All are willing to continue for another two-year term. Chairman Assar encouraged the board members to nominate themselves if they wish to serve as an officer. Hearing no nominations, Chris Patterson moved to re-elect the current officers. Mr. Greise seconded the motion, which passed unanimously.

XIII. Office of Insurance Regulation Updates and Issues

Ms. Johnson stated that the Florida Office of Insurance Regulation does not have any updates or issues at this time.

XIV. Department of Financial Services Updates and Issues

Ms. Schwantes stated that the Florida Department of Financial Services does not have any updates or issues at this time.

VIII. Other Business

The meeting attendees did not raise any other business.

IX. Adjourn

There being no further business, Chairman Assar declared the meeting adjourned at 5:28 p.m.

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

Dated this ___ day of _____, 20__.

DRAFT