

**FLORIDA HEALTH MAINTENANCE ORGANIZATION
CONSUMER ASSISTANCE PLAN**

Annual Board Meeting

Wednesday, September 5 at 11 a.m. Eastern Time

**(In conjunction with the Florida Association of Health Plans Annual Meeting)
Hilton Orlando Bonnet Creek**

Board Members Participating

Dr. Raed Assar, Chairman
David Schandel, Secretary/Treasurer
Chris Paterson
Stephen Harris
Michael Keeler
Michael Garner as proxy for Lourdes Rivas

Others in Attendance

Bruce Platt, Akerman LLP
Sheryl Rosen, Akerman LLP
LeShan Smith, Akerman LLP
Leean Chojnowski, Florida Office of Insurance Regulation
Champa Burns, Florida Office of Insurance Regulation
Toma Wilkerson, Florida Department of Financial Services

I. Call to Order

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

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. Approval of Minutes

Dr. Assar asked the board members for comments or changes to the draft minutes of the June 26, 2018 board meeting. Hearing none, Secretary/Treasurer David Schandel moved to approve the minutes as drafted. Michael Keeler seconded the motion, which passed without opposition.

IV. Proposed Nominees for New Board Members

Dr. Assar directed the board's attention to the list of proposed nominees submitted to the Department of Financial Services. Bruce Platt explained the HMOCAP has four vacancies: Karen Zeiler departed her position at Molina, and the board terms for John Hogan, David Schandel, and Chris Paterson recently expired. Akerman as HMOCAP plan manager sought nominations from member HMOs and submitted the following candidates to the Department for development of a slate of nominees:

1. Sabin C. Bass, Capital Health Plan
2. David C. Schandel, Florida Health Care Plans
3. Karen Zeiler, Humana
4. Donald C. Coffey, Sunshine State Health Plan (Centene Corporation)

The Department has not yet approved the slate. Mr. Platt explained that, once the Department approves the slate, information regarding the nominees is sent to Florida HMOs for the HMOs to vote as to whether they approve the potential board members. If the HMOs approve, the nominees are sent back to the Department for appointment. Because the Department has not yet approved the slate, Mr. Platt said that the board probably would need to meet in the future, or accept the slate by unanimous written consent in the future. Mr. Stephen Harris asked if the board could vote to prospectively accept the slate, assuming the Department develops the slate to include the above-listed individuals, and authorize the plan manager to forward the slate to member HMOs for voting. Mr. Platt said that was a viable option, and Mr. Harris made a motion to that effect. Mr. Paterson seconded the motion, and it passed without opposition.

V. Financial Statements

Mr. Schandel presented financial statements ending December 31, 2017 as well as a balance sheet and profit and loss statement as of July 31, 2018 and a year-to-date budget comparison. The HMOCAP's mix of assets includes a Florida Treasury (SPIA) account, laddered Wells Fargo CDs, a Wells Fargo checking account, and a money market account. Total assets as of July 31, 2018 were \$9.4 million. Net income as of July was approximately \$61,000, with total expenses of \$45,500. The budget document shows the HMOCAP is under budget year-to-date.

VI. Independent Auditor Report

Mr. Schandel presented an independent auditor's report completed by Moran & Smith LLP for calendar years 2016 and 2017. The report provides a clean, unqualified opinion.

VII. Budget and Proposed Budget

Mr. Schandel presented historical budgets as well as a proposed budget for 2019. Mr. Platt explained the proposed 2019 budget is similar to the 2018 budget, except the accounting contract services and plan management fees are projected to increase, anticipating a busier year in 2019.

VIII. Investment Report

Mr. Schandel presented an investment report as of July 31, 2018. Investment returns have been fairly nominal, as expected due to the conservative nature of the HMOCAP's investment policy. The average rate of return for the Florida Treasury (SPIA) account was 1.6757%. The Wells Fargo CD ladder had rates of return ranging from 1.05% to 2.8% depending on the maturity lengths of the CDs in the ladder.

Mr. Paterson moved to approve the proposed budget and financial documents as presented by Mr. Schandel. Mr. Harris seconded the motion, which passed without opposition.

IX. Selection of Auditor

Mr. Platt sought proposals for auditor services from three CPA firms. One firm declined to respond. A second showed interest initially but declined to respond because they could not offer as competitive a price as the HMOCAP's existing auditor. Current auditor Moran & Smith LLP responded to the request for proposal with a fee increase from \$6,000 to \$7,000 per year. Mr. Platt expressed satisfaction with the expertise and service provided by Moran & Smith and recommended continuing to engage them. Mr. Harris moved to accept the proposal from Moran & Smith. Mr. Schandel seconded the motion, which passed without opposition.

X. Election of Board Officer – Vice Chair

As discussed earlier, Vice Chair John Hogan's term on the board came up for renewal this year. Mr. Platt stated that Capital Health Plan nominated Sabin Bass to serve on the HMOCAP board, so the vice chair position is open. Mr. Platt stated that Mr. Harris has agreed to serve as vice chair and then asked if any other board members are interested in filling that position. No additional board members expressed interest in filling the vice chair role.

Mr. Schandel made a motion to elect Mr. Harris as vice chair. Mr. Paterson seconded the motion, which passed without opposition. Mr. Harris thanked the board for the opportunity.

Dr. Assar noted that he plans to step down as chair at the end of his term and asked the board to consider potential replacements for that future change as well.

XI. Status of Long-Term Care Assessment Issue

Mr. Platt stated that the HMOCAP has not taken a position on the NAIC model and Florida models proposed that would require HMOs to participate in long-term care insolvency assessments. The HMOCAP's policies prohibit it from lobbying. However, Mr. Platt asked the board to appoint a board member to work with him to evaluate and monitor the long-term care

issue. He noted that Mr. Harris has agreed to do so if desired. Mr. Harris noted the importance of the issue for HMOCAP member companies.

Dr. Assar expressed agreement that Mr. Harris has the appropriate experience to assist. Dr. Assar also asked Mr. Platt about the likelihood that long-term care assessments will be implemented in Florida. Mr. Platt said he believes it is likely that the Legislature will impose some form of assessment requirement but that the details are not worked out yet.

Mr. Paterson moved to authorize Mr. Harris to work with Mr. Platt on the long-term care assessment issue. Mr. Schandel seconded the motion. It passed without opposition. Dr. Assar thanked Mr. Harris for volunteering to help with this issue.

XII. Plan Manager Report

Mr. Platt informed the board that he has no recommended changes to the HMOCAP Plan of Operation at this time. He is also not aware of any commercial HMOs facing insolvency.

Mr. Keeler moved to accept the plan manager's report. Mr. Harris seconded the motion, which passed without opposition.

XIII. Review of Plan Manager

Dr. Assar asked Akerman to present the draft plan manager contract. Mr. Platt stated the only change to the contract from previous years is that Akerman is proposing to increase the hourly rate from \$290 to \$350 and increase the monthly flat fee by \$500 per month. Mr. Platt explained that next year the plan manager will need to revise the policies and procedures and that he expects additional inquiries in 2019 due to the long-term care assessment issue.

Mr. Paterson asked if the proposed 2019 budget reflects an increase in plan management expenses, and Mr. Platt responded in the affirmative.

Mr. Harris inquired when the hourly rate is charged. Mr. Platt stated that the hourly rate is applied when work exceeds the scope of the routine plan manager services in the contract. For example, insolvencies and issues such as the long-term care assessment are outside the routine services. The board previously approved up to \$10,000 in Akerman hourly legal fees regarding the long-term care assessment issue.

Representatives of Akerman left the meeting room and call while the board discussed the proposed plan manager contract. Following discussion, the board agreed to enter the plan manager contract with Akerman for another year.

XIV. Office of Insurance Regulation Updates and Issues

Leean Chojnowski stated the Office of Insurance Regulation had no updates or issues to address.

XV. Department of Financial Services Updates and Issues

Toma Wilkerson stated there are no current commercial HMO insolvencies, and so the Department of Financial Services has nothing to report at this time.

XVI. Other Business

Dr. Assar asked if there was other business to discuss. None was raised.

XVII. Adjourn

Hearing no further business, Mr. Harris moved to adjourn the meeting. The motion was seconded and passed without opposition. Dr. Assar declared the meeting adjourned.

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

Dated this ____ day of _____, 20____