

**Florida Health Maintenance Organization Consumer Assistance Plan  
Board Meeting  
March 13, 2014**

Board Members Participating

Dr. Raed Assar, Chairman  
David Schandel, Secretary/Treasurer  
John Matthews  
Albert Arca

Others in Attendance

Chris Struk, Florida Office of Insurance Regulation  
Mary Schwantes, Florida Department of Financial Services  
Al Willis, Florida Department of Financial Services  
Bruce Platt, Plan Manager, Akerman  
LeShan Smith, Akerman  
Sheryl Rosen, Akerman

**I. Call to Order**

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

**II. Antitrust Preamble**

Chairman Assar directed the Board to review 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 if they recommend any changes to the minutes of the September 9, 2013 annual board meeting. There were none. John Matthews made a motion to approve the minutes. Secretary/Treasurer David Schandel seconded the motion, which passed unanimously.

#### **IV. Discussion of Office of Insurance Regulation Examination Report and Draft Response**

HMOCAP Plan Manager Bruce Platt stated that shortly after the Board's last meeting, he received notice that the Office of Insurance Regulation ("OIR") would be conducting its triennial market conduct examination of the HMOCAP. The audit began in October with requests for e-mail copies of documents. The audit continued through the next month, including several days at Akerman's office in November. In February, Mr. Platt received the examination report that was circulated to the Board in the meeting materials. The report only lists one violation – failure to obtain signed conflict of interest statements from all board members in accordance with the HMOCAP Plan of Operation section XIV. The OIR did not issue a fine.

Additionally, the examination report makes three recommendations. The first recommendation advises the HMOCAP to adopt procedures ensuring conflict of interest statements are obtained from all Board members. The second recommends removing an exception in Section 2.3(B) of the HMOCAP's Policy and Procedure Manual that allows the HMOCAP to issue checks greater than \$5,000 to the plan manager for plan manager's fees and expenses without a second signature. The auditors did not find that any improper payments had been made. However, as a practical matter, because the checks only exceeded \$5,000 when plan manager monthly fees and expenses were paid together with one check, the auditors suggested issuing two separate checks for the fees and expenses so neither would exceed \$5,000 and require a second signature.

The last recommendation from the auditors is to amend the Policy and Procedure Manual to memorialize standards for complaint handling to require third-party administrators to handle complaints in accordance with Florida law.

Mr. Platt then presented three proposed revised sections of the Policy and Procedure Manual to address the auditor's recommendations.

Chairman Assar asked the board members whether the conflict of interest policy changes proposed by Mr. Platt should be amended to include a deadline for returning signed conflict of interest statements, creating an automatic process for removal of a board member who fails to comply. Mr. Matthews and Mr. Arca expressed a preference for keeping the flexibility in the wording of the policy.

Chairman Assar asked for a motion to approve the proposed Policy and Procedure Manual revisions as originally presented to the board. Mr. Matthews made such motion. Secretary/Treasurer Schandel seconded the motion, which passed unanimously.

Mr. Platt next presented a draft letter to the OIR in response to the market examination report. After review and discussion by the Board, Mr. Matthews moved to direct Mr. Platt to submit the response letter to the OIR. Mr. Arca seconded the motion, which passed unanimously.

## **V. Discussion of Investment Policy**

Chairman Assar stated that the last Board meeting included a discussion of the HMOCAP's investment strategy. He noted that the HMOCAP's independent auditor, Christopher Moran, said during the prior board meeting that the current investment policy is very conservative and recommended revising the policy.

Mr. Platt explained that investment guidelines had been adopted by the Board in 2006. The Board later enacted an investment policy in its Policy and Procedure Manual in place of the 2006 guidelines. At prior meetings, the Board was presented with a proposed amendment to the investment policy that would make it similar to the previously adopted guideline. However, the board instead asked Mr. Platt to work with Mr. Moran and Secretary/Treasurer Schandel to draft suggested changes to the policy. Shortly afterward, Mr. Platt received notice of the OIR's market conduct investigation, and the decision was made to address the investment policy after the audit – in order to address potential recommendations of the auditors. The OIR's auditors noted that the HMOCAP sometimes had difficulty finding investments that comply with the current investment policy but did not make specific recommendations regarding the policy. Now that the market conduct investigation has concluded, Mr. Platt suggested that the Board again consider whether to revise the investment policy to allow more flexibility in its investments and the potential for a greater return.

Mr. Arca also suggested including in the Policy and Procedure Manual that the Board should review the investment policy periodically.

Mr. Platt suggested having a subcommittee of the Board meet separately to discuss proposed changes to the investment policy. Chairman Assar, Secretary/Treasurer Schandel, and Mr. Arca offered to serve on the subcommittee.

Chairman Assar asked what types of investments the subcommittee might want to consider. The Board did not discuss specific investments, but Mr. Arca commented that the subcommittee should look carefully at possible investments, as any change to the conservative investment policy will increase risk. Mr. Arca expressed a preference to keep the policy conservative but adopt a more practical approach. Chairman Assar expressed the Board's desire to safeguard HMOCAP funds and avoid undue risk.

Chairman Assar asked Mr. Platt to set up a subcommittee meeting and then a Board meeting to review suggestions from the subcommittee. Mr. Platt said that they would arrange the subcommittee meeting with Chairman Assar, Secretary/Treasurer Schandel, and Mr. Arca, and he said that other board members would be notified so that they could participate if they desired to do so.

## **VI. Board Vacancies**

Mr. Platt stated that the HMOCAP's Plan of Operation requires between 5 and 9 Board members. The Board typically has 9 but currently has 7. The terms of 3 board members – Vice Chairman John Hogan, Secretary/Treasurer Schandel, and Chris Ciano – will expire on June 30, 2014,

although they may continue to serve until a replacement is elected. Because Aetna and Coventry are now affiliated, and the Board may not have members of affiliated HMOs, Mr. Ciano of Coventry is not eligible for reappointment because Chairman Assar of Aetna will remain on the Board. Therefore, the Board will have 3 vacancies and 2 members up for reappointment if they wish to keep serving.

Mr. Platt said he will begin the process of obtaining nominations. He reminded the Board of the multi-step appointment process: First, he will notify the member HMOs and ask for nominations. He will then send information about the nominees to the Florida Department of Financial Services ("DFS"), which will determine whether the nominees are acceptable. Mr. Platt will then send ballots containing acceptable nominees to the member HMOs for voting. After voting concludes, the Board recommends the individuals with the most votes to DFS for official appointment.

## **VII. Other Business**

Chairman Assar asked the Board to present any new business. There was none.

## **VIII. Adjourn**

Having no further business, Chairman Assar requested a motion to adjourn. Secretary/Treasurer Schandel motioned to adjourn. The motion was seconded and passed unanimously.