

**Florida Health Maintenance Organization Consumer Assistance Plan
Telephonic Board Meeting
May 22, 2014**

Board Members Participating

Dr. Raed Assar, Chairman
John Hogan, Vice Chairman
David Schandel, Secretary/Treasurer
John Matthews
Albert Arca
Stephen Harris

Others in Attendance

Mary Schwantes, Florida Department of Financial Services
Stephen Fredrickson, Florida Office of Insurance Regulation
Valerie Reglat, Florida Office of Insurance Regulation
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 read the following antitrust preamble to the Board:

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.

Mr. Platt apologized and noted that the previous meeting's minutes inadvertently were not included with this meeting packet. He said that he would circulate both the prior meeting's minute and this meeting's minutes for approval during the next meeting of the HMOCAP Board of Directors.

III. Investment Subcommittee Proposal; Approval of Subcommittee Meeting Minutes

Secretary/Treasurer David Schandel informed the Board that the Investment Subcommittee met in April to discuss investment possibilities. He recapped the issue and the subcommittee meeting for the Board as follows:

The HMOCAP has about \$35 million in the Florida State Treasury Special Investment Account (SPIA). The HMOCAP has used SPIA because it offers high earnings and liquidity. However, the HMOCAP has reached its deposit limit with SPIA and so cannot deposit additional funds with it. At the direction of the Board and consistent with the investment policy, the Plan Manager has invested most of the remaining money – about \$5 million – in short-term certificates of deposit (CDs) using laddered maturity dates of 2 years or shorter. The CDs are a safe investment, but the average return is only approximately 0.5%. The HMOCAP also holds between \$250,000 and \$500,000 in a money market account.

At the April 7, 2014 investment subcommittee meeting, the members spoke to Scott Hilton of Wells Fargo about potential alternative investments, including bonds. Mr. Hilton advised against bonds because of the increased risk bondholders face. Instead, he suggested lengthening the allowable term for the CDs. Under the HMOCAP's current investment policy, the maximum term is 24 months. Mr. Hilton advised increasing that limit to 60 months. However, he stated that if interest rates were to begin to rise quickly, then he would not recommend continuing to shift to longer-term CDs at that time.

Secretary/Treasurer Schandel also recounted that the subcommittee considered whether there would be enough funds readily available in the event of an insolvency. Plan Manager Bruce Platt stated that based upon prior experience he would expect that the \$3 to 4 million in readily available funds currently held by the HMOCAP in SPIA and the money market account should be sufficient to handle the HMOCAP's initial financial exposure for any but the largest insolvency.

Secretary/Treasurer Schandel stated that as a result of the discussions, the subcommittee recommends that the Board amend the investment policy to allow up to 50% of the value of the funds held by the HMOCAP in investments other than SPIA to have maturity dates exceeding 24 months, but no maturity dates may exceed 60 months.

Hearing no further questions from the Board, Secretary/Treasurer Schandel moved to approve the subcommittee's recommendation. Stephen Harris seconded the motion, which passed unanimously.

Chairman Assar next asked the Board to review the minutes of the subcommittee meeting. Secretary/Treasurer Schandel moved to accept the minutes. Albert Arca seconded the motion. It passed unanimously.

IV. Review of Target Market Conduct Examination Final Report

Chairman Assar presented the Target Market Conduct Examination Final Report, which is the final version of the report from the Florida Office of Insurance Regulation discussed at the March 13, 2014 Board meeting. Mr. Platt stated that the only violation noted by the report is the failure to obtain conflict of interest statements from all Board members, as discussed at the previous Board meeting. Mr. Harris moved to accept the final report. Mr. Arca seconded the motion, which passed unanimously.

V. Status of Nominations for Board Members

Mr. Platt informed the Board that there will be five vacant Board positions this year. Two seats are currently vacant, Secretary/Treasurer Schandel's and Vice Chairman Hogan's terms are ending, and Chris Ciano cannot be reappointed because Aetna and Coventry are now affiliated companies. Mr. Platt previously sent a notice to HMOCAP member plans requesting nominations. He received a nomination from one company and an expression of interest from a second company. In accordance with the HMOCAP statutes and Plan of Operation, after all nominations are received, he will send them to the Florida Department of Financial Services ("DFS") for review. If DFS finds the nominees acceptable, Mr. Platt will send their names to the HMOCAP member plans for voting, and then he will send the winners' names back to DFS for appointment. The Board then officially recognizes the appointed directors at the HMOCAP's annual meeting. The next annual meeting will take place in September 2014 in conjunction with the Florida Association of Health Plans Annual Meeting. Mr. Platt promised to keep the Board informed of the nomination process.

VI. Other Business

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

VII. Adjourn

Having no further business, a motion to adjourn was made, seconded, and passed unanimously.