

**Florida Health Maintenance Organization Consumer Assistance Plan  
Investment Advisory Committee Meeting  
Nov. 28, 2011**

Investment Advisory Committee Members

Lisa Strunk Davies, Chairman  
John Hogan, Vice Chairman  
Craig Drablos, Secretary/Treasurer  
Bruce Platt, Plan Manager

HMOCAP Board Members Participating

Chris Ciano  
David Schandel  
Albert Arca  
G. Valerie Beckles, M.D.

Others Participating

Mary Schwantes, Florida Department of Financial Services  
Joe Erhart, Florida Office of Insurance Regulation  
LeShan Smith, Akerman Senterfitt  
Sheryl Rosen, Akerman Senterfitt

**I. Call to Order**

Mr. Drablos noted the presence of a quorum and called the meeting to order.

**II. Antitrust Preamble**

Mr. Platt 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. Investment of Sunstar Premium Settlement**

Mr. Platt reminded the Investment Advisory Committee that the HMOCAP received approximately \$2.4 million from the Florida Department of Financial Services ("DFS") this

summer. The funds represented a settlement with DFS regarding co-mingled pre- and post-liquidation premiums paid to SunStar.

He explained that, pursuant to its current investment policy, the HMOCAP invests large sums in the Florida Treasury's Special Purpose Investment Account ("SPIA"). However, the Treasury won't accept the \$2.4 million because the HMOCAP has already reached its investment limit for SPIA. Instead, the settlement funds are currently in a money market account earning 0.25% interest. Mr. Platt said that he would like direction from the committee regarding the investment of these funds.

Mr. Drablos asked whether other government accounts like SPIA are available. Mr. Platt stated that he and Ms. Smith determined there are none.

Mr. Drablos raised the possibility of hiring an investment advisor to help the HMOCAP determine what investment vehicles are most suitable. Ms. Davies and Mr. Hogan expressed concern that an investment advisor would add value. Mr. Hogan stated that he prefers to keep the money in stable, liquid accounts even if the rate of interest is lower.

Mr. Platt suggested talking informally with an advisor to determine the HMOCAP's options before deciding to hire an advisor. Mr. Hogan offered to suggest one.

Mr. Arca suggested that the HMOCAP might consider investments in U.S. Treasury securities to maximize preservation of capital. However, he stated that he is unsure of any minimum threshold amounts required.

Mr. Schandel then suggested investing in Vanguard short-term bond exchange-traded funds.

Mr. Platt pointed out that not including the \$2.4 million or additional SunStar funds discussed below, the HMOCAP has \$4 million in liquid assets. He asked the Committee to consider whether the \$2.4 should also be kept liquid.

Mr. Platt made a motion to authorize the Plan Manager to contact the advisor recommended by Mr. Hogan, determine whether investing in U.S. Treasury securities is feasible, and look into the Vanguard fund mentioned by Mr. Schandel, then bring findings back to the Committee. Ms. Davies seconded the motion, which passed unanimously.

#### **IV. Brief Explanation of Additional SunStar Distribution**

Mr. Platt informed the Committee that the HMOCAP has also received a separate distribution of approximately \$2.3 million from the SunStar estate. Shortly after receiving the distribution, the Department of Financial Services informed him that the distribution was in error and asked the HMOCAP to return the money. Mr. Platt met with officials at DFS and reviewed documentation provided by them. He agrees that the HMOCAP is not owed the distribution it received.

Ms. Schwantes added that the funds were meant to be distributed to other Class 6 creditors of the SunStar estate.

Mr. Platt said that he is in the process of setting a board meeting specifically to discuss potential authorization of the return of the funds.

**V. Adjourn**

There being no further business, the Committee adjourned.

DRAFT