

**Florida Health Maintenance Organization
Consumer Assistance Plan
Investment Report
As of July 31, 2013**

The Florida Health Maintenance Organization Consumer Assistance Plan ("FHMOCAP") diversifies its investment options to provide the maximum safety, availability and rate of return on its funds.

The FHMOCAP's primary investment vehicle is the State of Florida Treasurers Special Purpose Investment Account ("SPIA"). Pursuant to the Investment Advisory Policy approved by the Board, funds are also invested in certificates of deposit ("CDs") and money market accounts at Wells Fargo and Hancock banks. Additionally, the FHMOCAP maintains a checking account at Wells Fargo.

<i>Bank</i>	<i>Account Type</i>	<i>Balance as of July 31, 2013</i>	<i>Interest Rate</i>
Florida Treasury	SPIA	\$3,569,034.01	Variable
Wells Fargo	Money market	\$270,019.37	0.10% current variable APY
Wells Fargo	Checking	\$20,767.98	n/a
Wells Fargo	CD Ladder	\$4,975,000.00	Ranges between 0.20% and 1.00%, 23 CDs
Hancock Bank	CD	\$124,990.71	2.01% APY
Total:		\$8,959,812.07	

SPIA is an optional investment program open to entities established by the Florida Constitution or Florida Statutes. A fixed-income portfolio has been created by combining various sources of funds. This program offers liquidity to participating organizations as well as returns that have the ability to exceed money market rates. These returns are made possible because the stable level of investible funds allows the placement of approximately half of the portfolio in intermediate term bonds.

During calendar year 2013, net rates of return for the SPIA have varied from .6097% (JUN 2013) to 1.6538% (JAN 2013) with an average net rate of return of 1.2283%. As of July 31, 2013 the balance in the SPIA account was \$3,569,034.01.

Effective, March 8, 2010, the FHMOCAP reached the maximum amount limit a non-state agency SPIA participant can invest in each of their accounts. In order to achieve the objective of maximizing earnings for the benefit of the State, the Florida Treasury had to ensure that the SPIA percentage of the investment pool is maintained at an appropriate level. The investment limits were determined by taking each participant's highest invested SPIA balance for the period July 1, 2009 through December 31, 2009. In 2011, the Plan Manager, Bruce Platt, submitted a request to increase the limit, but since FHMOCAP was already over their limit the request was denied.

Other than the SPIA account, in an attempt to optimize earnings, the FHMOCAP has two Money Market Accounts and two Certificate of Deposit Accounts including one Laddered Portfolio of Brokered CDs containing 23 CDs. Below is a detailed list of those accounts.

The Wells Fargo Money Market Account is used to reduce the number of transfers from the SPIA to the Wells Fargo Checking for funding of payments for operating expenses for the FHMOCAP. This account assures the availability of immediate withdrawal of funds to cover operating costs for the FHMOCAP should funds at the SPIA not be available for same-day withdrawal. The goal is to maintain at least \$30,000 in this account at all times. The current balance in the account is \$270,019.37 and the current variable rate of return is 0.10%.

The current balance in the Wells Fargo Money Market Account exceeds the minimum recommendation of the board. This is the result of additional funds in the amount of \$1,685,752.65 being received from August 2012 to December 2012 for the Champion, Ultramedix and Sunrise Insolvencies. Wells Fargo has been unable to locate enough short term CDs while maintaining the current investment policy guidelines to investment the amount over the \$30,000. At the Executive Committee Meeting held on December 11, 2012, Secretary/Treasurer Schandel proposed revising the investment guidelines/policy to allow investing 20% of its assets in CDs with maturity dates between two and five years, pursuant to the Executive Committee's recommendations. Prior to any changes to the FHMOCAP guidelines/policy, the Board decided to have the auditor, Chris Moran, review the Wells Fargo guidelines before approving the proposed revisions to the investment guideline/policy. As of today, the review has been done, but no changes have been made to the FHMOCAP investment guidelines/policy.

The Wells Fargo CD Ladder Account which was opened in January 2012 has 23 CDs totaling \$4,975,000.00 each not exceeding the FDIC insurance limit of \$250,000 and not having a term longer than 24 months. Currently, the rate of return ranges from 0.20% to 1.00%. The laddered CD program helps give more liquidity while offering a more stable source of income. At the time the account was opened in early 2012, the balance was \$3,375,000.00. The \$1,600,000.00 increase to \$4,975,000.00 has been the result of funds received between August 2012 and December 2012 from the Department of Financial Services in relation to the Champion, Ultramedix and Sunrise Estates.

Currently, the FHMOCAP has a certificate of deposit at Hancock Bank. The CD has an approximate value of \$124,990.71 and an APY of 2.01%. The 60-month CD will mature on February 22, 2016. Even though the term is longer than the FHMOCAP recommends committing to, calculations showed that even if the firm redeemed the CD at the end of 12 months and took the early withdrawal penalty, they would earn more interest than if they opened a 12-month CD with an APY of 0.75%. In the low-rate deposit environment we are in, this is one of the ways the FHMOCAP can optimize its interest earned.

We will continue to monitor Money Market and CD rates to insure that the FHMOCAP receives the safest maximum return on its investments.

The balance of FHMOCAP funds are retained in a checking account at Wells Fargo formerly Wachovia.