

**Florida Health Maintenance Organization
Consumer Assistance Plan
Investment Report
As of August 31, 2011**

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"). Funds are also invested in certificates of deposit ("CDs") and money market accounts at Wells Fargo (formerly Wachovia), Prime Meridian and Hancock banks. Additionally, the FHMOCAP maintains a checking account at Wells Fargo (formerly Wachovia).

<i>Bank</i>	<i>Account Type</i>	<i>Balance as of Aug. 31, 2011</i>	<i>Interest Rate</i>
Florida Treasury	SPIA	\$3,434,221.31	Variable
Wells Fargo (formerly Wachovia)	Money market	\$2,894,183.67	0.25% current variable APY
Wells Fargo (formerly Wachovia)	Checking	\$3,538.72	n/a
Prime Meridian Bank	Money market	\$184,713.63	1.05% current variable APY
Hancock Bank	Money market	\$100,453.97	0.15% APY
Hancock Bank	CD	\$120,314.22	2.01% APY
Total:		\$6,737,425.52	

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 2011, rates of return for the SPIA have varied from 1.5762% (FEB 2011) to 3.5171% (AUG 2011). As of August 31, 2011 the balance in the SPIA account was \$3,434,221.31.

The money market account at Wells Fargo is used to reduce the number of transfers from the SPIA to the Wells Fargo checking account 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 \$2,894,183.67, and the current variable rate of return is 0.25%.

The current balance in the Wells Fargo money market account exceeds the recommendation of the board because it includes the Sunstar post-liquidation premium income funds received from the Department of Financial Services pursuant to a court order. Once an investment plan can be recommended, the Board will authorize the transfer of these funds to a safe interest bearing account(s) which will optimize interest income for the FHMOCAP. The FHMOCAP was unable to place the funds in the SPIA account because effective March 8, 2010, Department of Financial Services placed a limit on the amount 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. The Plan Manager, Bruce Platt, submitted a request to increase the limit, but since FHMOCAP was already over the limit, the request was denied.

Currently, the FHMOCAP has two additional money market accounts. Below is a detailed list of those accounts.

In September 2010, the Prime Meridian CD matured with a matured value of \$115,682.98. The Prime Meridian CD was redeemed and \$115,682.98 of those funds were used to open a money market account at Prime Meridian. In November 2010, \$67,171.76 was deposited into the Prime Meridian money market account from a matured SunTrust CD as described below. The Prime Meridian money market account has an approximate value of \$184,713.63 and a current variable APY of 1.05%.

In November 2010, the funds from the matured SunTrust CD were redeemed. The matured value of the CD was \$167,171.76. Of these funds, \$100,000.00 were used to open a money market account at Hancock Bank. The Hancock Bank money market account has an approximate value of \$100,453.97 and an APY of 0.15%. The remaining \$67,171.76 was deposited into the Prime Meridian money market account.

In February 2011, the Hancock Bank CD matured with a matured value of \$119,133.74. The Hancock CD was redeemed and \$119,133.74 of those funds were used to open a 60-month CD at Hancock Bank as noted below.

Currently, the FHMOCAP has one certificate of deposit. The Hancock CD has an approximate value of \$120,314.22 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, it would earn more interest than 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.