

**Florida Health Maintenance Organization
Consumer Assistance Plan
Investment Report
As of July 31, 2012**

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, 2012</i>	<i>Interest Rate</i>
Florida Treasury	SPIA	\$3,507,635.14	Variable
Wells Fargo	Money market	\$364,758.83	0.20% current variable APY
Wells Fargo	Checking	\$59,474.43	n/a
Wells Fargo	CD Ladder	\$3,200,000.00	Ranges between 0.20% and 1.00%, 16 CDs
Prime Meridian Bank	Money market	Closed	N/A
Hancock Bank	Money market	Closed	N/A
Hancock Bank	CD	\$122,530.01	2.01% APY
Total:		\$7,254,398.41	

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 2012, rates of return for the SPIA have varied from 1.7691% (APR 2012) to 2.7048% (FEB 2012). As of July 31, 2012 the balance in the SPIA account was \$3,507,635.14.

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. 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 \$364,758.83 and the current variable rate of return is 0.20%.

The current balance in the Wells Fargo Money Market Account exceeds the recommendation of the board, but was the result of a redeemed certificate of deposit. A new certificate of deposit has been purchased to replace the matured CD but will not settle until August 1, 2012.¹

In January 2012, in an attempt to optimize interest earned, the Board approved to open a Laddered CD Account with Wells Fargo Bank. At the Board's instructions, the Prime Meridian Money Market and the Hancock Money Market were closed in order to invest those funds into the newly approved CD Ladder Account. Until this account could be established, the funds were deposited into the Wells Fargo Money Market Account. At the time they were closed, the value of the Prime Meridian Money Market Account was \$185,273.97 and the Hancock Bank account was \$100,505.99.

In January 2012, the Wells Fargo CD Ladder Account was opened. By February 2012, a total of \$3,375,000.00 had been invested in 16 CDs, 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. The funds invested in the Wells Fargo CDs were funded from the closed money market accounts at Prime Meridian and Hancock Bank and the funds received last fiscal year from the Department of Financial Services in relation to the Sunstar² and Ultramedix³ Estates. These funds were held in the Wells Fargo Money Market Account until the Board could finalize an investment strategy which was achieved in January 2012. The difference in the \$3,375,000.00 and the current balance of \$3,200,000.00 is the \$175,000 CD that will settle on August 1, 2012.

¹ On August 1, 2012, a CD in the amount of \$175,000 was purchased at Sovereign Bank as part of the Wells Fargo Ladder CD Portfolio. The CD has a term of 24 months with a maturity date of August 1, 2014. The rate of return is 0.850%.

² On June 9, 2011, pursuant to a court order, the FHMOCAP received \$2,863,128.78 from the Department of Financial Services representing Sunstar post-liquidation premium.

³ On December 30, 2011, \$355,028.86 was received from the Department of Financial Services representing a distribution from the Ultramedix receivership. Of the total amount, \$351,253.72 represented Class 1 claims and \$3,775.14 in Class 3 claims.

Currently, the FHMOCAP has a certificate of deposit at Hancock Bank. The CD has an approximate value of \$122,530.02 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.