

**FLORIDA HEALTH MAINTENANCE ORGANIZATION
CONSUMER ASSISTANCE PLAN
Annual Board Meeting
Wednesday, September 14, 2016 at 1:00 p.m. Eastern Time
J.W. Marriott Grande Lakes, Orlando, Florida and by Teleconference**

MINUTES

Board Members Participating

Dr. Raed Assar, Chairman
John Hogan, Vice Chairman
David Schandel, Secretary/Treasurer
Rosy Cozad
Chris Paterson
Stephen Harris

Others in Attendance

Michael Keeler, Health First Health Plans
Karen Zeiler, Molina Healthcare
Mary Schwantes, Florida Department of Financial Services
Toma Wilkerson, Florida Department of Financial Services
Katina Johnson, Florida Office of Insurance Regulation
Bruce Platt, HMOCAP Plan Manager, Akerman
Ed Kutter, Akerman
Sheryl Rosen, Akerman

I. Call to Order

Chairman Raed Assar called the annual meeting of the HMO Consumer Assistance Plan (HMOCAP) Board of Directors to order, and the attendees introduced themselves.

II. Antitrust Preamble

Chairman Assar 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. Approval of Minutes

Chairman Assar directed the Board's attention to the draft minutes of the January 22, 2016 Board meeting and asked for any changes or issues with the minutes. Vice Chairman John Hogan then moved to approve the minutes with no changes. Stephen Harris seconded the motion, which passed unanimously.

IV. Recommendation of New Board Members to Department of Financial Services for Appointment

Chairman Assar announced that Mr. Harris has agreed to serve another term as a member of the HMOCAP Board (Mr. Harris' current term expires after this meeting) and that Michael Keeler and Karen Zeiler have been nominated to join the Board. Rosy Cozad moved to recommend all three to the Florida Department of Financial Services for appointment/reappointment. Chris Paterson seconded the motion, which passed unanimously.

V. Financial Statements

Secretary/Treasurer David Schandel presented interim financial statements. The balance sheet as of July 31, 2016 shows the HMOCAP has \$9.2 million in total assets and no liabilities. A profit and loss comparison shows expenses through July 31, 2016 equaled \$55,616.24, which is very close to the budget projections. Secretary/Treasurer Schandel also directed the Board's attention to a list of costs paid by the HMOCAP this year.

Especially to help educate the oncoming members of the Board, Dr. Assar noted that the HMOCAP takes a conservative approach to investments in order to safeguard funds to pay claims during possible future HMO insolvencies.

Mr. Harris moved to accept the interim financial statements as prepared. Ms. Cozad seconded the motion, which passed unanimously.

VI. Independent Auditor Report

Secretary/Treasurer Schandel presented an independent auditor's report covering calendar years 2015 and 2014. He informed the Board that the report gives an unqualified opinion as to the adequacy of the financial statements. Secretary/Treasurer Schandel also noted that the HMOCAP received \$125,000 in assessments during 2015 from five new HMO licensees and that expenses for 2015 were \$75,809, which was on budget.

Mr. Harris moved to accept the report. Mr. Paterson seconded the motion, which passed unanimously.

VII. Proposed Budget

Secretary/Treasurer Schandel presented a proposed budget for calendar year 2017. The 2017 budget is similar to the 2016 budget except for a projected reduction in auditing and accounting

expenses due to lower auditor's costs and a projected reduction in media/PR/communications expenses. HMOCAP Plan Manager Bruce Platt explained that there was an increase in payments due to a nonrecurring website upgrade expense incurred in 2016, and he explained that the new vendor is less expensive with few unpredictable costs, so website expenses will be smaller going forward. Mr. Platt also explained that the HMOCAP had budgeted for higher anticipated auditor's expenses in 2016, but the HMOCAP received a lower bid than expected.

Ms. Cozad moved to accept the proposed budget as presented. Vice Chairman Hogan seconded the motion, which passed unanimously.

VIII. Investment Report

Secretary/Treasurer Schandel presented an investment report as of July 31, 2016 and emphasized that the objective of investment is preserving the HMOCAP's assets to cover possible insolvencies rather than accepting greater risk in an attempt to grow the assets. The report shows the HMOCAP has \$3,709,367.64 in the State of Florida Treasury Special Purpose Investment Account (SPIA), \$233,149.13 in a Wells Fargo money market account, \$34,479.21 in a Wells Fargo checking account, and \$5,226,088.35 in 23 laddered Wells Fargo certificates of deposit.

The average rate of return on the SPIA funds was 1.6%, and the rates of return for the CDs varied from 0.6% to 2.15%. Two thirds of the CDs have terms of 24 months or less, and the remaining third have terms between 24 and 60 months.

Mr. Paterson moved to accept the investment report, and Mr. Harris seconded. The motion passed unanimously.

IX. Selection of Auditor

Mr. Platt stated that the HMOCAP is required to solicit proposals from auditors every three years. Last year, the HMOCAP received a two-year proposal from the present auditor Moran & Smith LLP for \$6,000 per year. Mr. Platt expressed approval of Moran & Smith LLP's quality and affordability and recommended continuing to engage that firm for 2017.

Ms. Cozad moved to continue the HMOCAP's contract with Moran & Smith LLP for 2017. Secretary/Treasurer Schandel seconded that motion, which passed unanimously.

X. Plan Manager Report

Mr. Platt reported that the website vendor was changed earlier this year, and the HMOCAP website is now working well. There are no present HMO insolvencies, and Mr. Platt is not aware of any possible insolvencies in the near future. Several new HMO licenses were issued in the past year; however, most are not new companies but rather the result of restructuring of existing HMOs.

Mr. Platt presented a proposed revision to HMOCAP Policy 2.21. That policy lists the location of the Plan Manager's off-site data backup center. Akerman switched to a new data center

earlier this year, and the change reflects that new address. Mr. Paterson moved to adopt the proposed revision to the policy. Mr. Harris seconded the motion, which passed unanimously.

Mr. Platt next informed the Board that he is continuing to negotiate a contract with third-party administrator PayerFusion. He does not foresee any issues that will prevent him from coming to an agreement on a contract. Mr. Platt explained that the contract would not be activated unless an insolvency occurs. Chairman Assar added that there is not a cost associated with hiring PayerFusion until an insolvency occurs.

XI. Review of Plan Manager

Representatives of Akerman left the room, and the Board discussed the performance of the plan manager. The Board agreed to renew the plan manager contract with Akerman for 2017.

XII. Office of Insurance Regulation Updates and Issues

Katina Johnson stated that the Florida Office of Insurance Regulation issued a few new HMO certificates of authority in 2016 and that one was surrendered. She had no other updates for the Board.

XIII. Department of Financial Services Update and Issues

Toma Wilkerson reported that Florida has not had a commercial HMO enter receivership in a long time. She thanked the HMOCAP for the opportunity to participate by telephone.

XIV. Other Business

Mr. Platt suggested that the Board might want to consider in a future meeting amending its policy that prohibits individuals from serving on the Board if a representative from an affiliate HMO is already serving. With several consolidations between HMOs in the market in recent years, Mr. Platt explained it has become more difficult to find enough Board members without having representatives from affiliated companies. Mr. Platt said that he would meet with representatives of the Office of Insurance Regulation and the Department of Financial Services to get their input before any Board discussion on this topic.

XV. Adjourn

There being no further business, Mr. Paterson moved to adjourn. Chairman Assar seconded the motion. No objections were made, and the meeting was adjourned.

David C. Schandel, Secretary/Treasurer
Florida HMO Consumer Assistance Plan

Dated this ____ day of _____ 20__