HEALTH FLEX PLAN PROGRAM

Annual Report
January 2013

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Office of Insurance Regulation

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Background Information

Under the provisions of section 408.909, Florida Statutes, the Agency for Health Care Administration (Agency) and the Office of Insurance Regulation (Office) must submit a report to the Governor and the Legislature annually on the status of the Health Flex Plan Program. The law specifically mandates that "the agency and the office shall evaluate the pilot program and its effect on the entities that seek approval as Health Flex plans, on the number of enrollees, and on the scope of health care coverage offered under a Health Flex plan; shall provide an assessment of the Health Flex plans and their potential applicability in other settings; shall use Health Flex plans to gather more information to evaluate low-income consumer driven benefit packages..." (subsection 408.909(9), Florida Statutes).

The Florida Health Flex Plan Program expires July 1, 2013 unless reenacted by the Legislature.

Program Description and Eligibility Requirements

Health Flex plans can be offered by licensed insurers, HMOs, health care providers, local governments, health care districts, or other public or private organizations, and through small employers' business purchasing arrangements sponsored by local government. Eligibility to enroll in a Health Flex plan is limited to individuals who:

- Are residents of this state;
- Have family incomes equal to or less than 300 percent of the federal poverty level ($69,150 for a family of four based on 2012 federal guidelines);
- Are not covered by a private insurance policy and are not eligible for coverage through a public health insurance program such as Medicare or Medicaid, or another public health care program, such as KidCare, or have not been covered anytime during the past six months, except that:
- A person who was covered under an individual health maintenance organization (HMO) contract issued by an HMO licensed in the state of Florida which was also an approved Health Flex plan on October 1, 2008, may apply for coverage in the same HMO's Health Flex plan without a lapse in coverage if all other eligibility requirements are met; or
- A person who was covered under Medicaid or KidCare and lost eligibility for Medicaid or KidCare subsidy due to income restrictions within 90 days prior to applying for health care coverage through an approved Health Flex plan may apply for coverage in a Health Flex plan without a lapse in coverage if all other eligibility requirements are met; and

- Have applied for health care coverage through an approved Health Flex plan and have agreed to make any payments required for participation, including periodic payments or payments due at the time health care services are provided; or
- Are part of an employer group of which at least 75 percent of the employees have a family income equal to or less than 300 percent of the federal poverty level and the employer group is not covered by a private health insurance policy and has not been covered at any time during the past six months. If the Health Flex plan entity is a health insurer, health plan or HMO, only 50 percent of the employees must meet the income requirements.

Active Health Flex Plans
(Information contained on the following pages of this report was provided by the specific Health Flex plans.)

American Care, Inc.
This plan offers preventive and diagnostic services and is entirely premium funded. Services are rendered through wholly owned American Care centers in the various counties of Florida to ensure a more consistent quality delivery system.

A brief summary of the current premium costs and benefits package is provided below:

- Monthly premium: $50 regardless of age and sex
- Prescription medication (generic): $4, dispensed through American Care medical centers
- Transportation: Free transportation from and to the medical center
- Center portability: A member traveling and needing urgent medical services can be treated at any of American Care's medical centers with $0 co-pay provision
- Specialty care: Specialty care coverage is available as a separate coverage

American Care, Inc. began enrollment in May 2003 in Miami-Dade County. Initial enrollment levels were well below expectations; however, the statutory expansion of the program statewide, and the increase in the Medicaid eligibility income threshold to 300 percent of the federal poverty level, have increased overall enrollment.

In 2008, American Care was approved to extend the Health Flex Program to four additional counties, including Broward, Palm Beach, Hillsborough, and Polk. In 2011, American Care was approved for expansion of the program into St. Lucie County. As of August 2012, the total enrollment was 338 individuals. American Care offers its plan to employers and individuals.

Preferred Medical Plan, Inc.
In 2011, Preferred Medical Plan, Inc. (PMP) expanded and enhanced its Health Flex offerings which have resulted in positive membership growth in 2012. PMP continues to strive to provide the community with as many services as possible at a cost-effective

price. For the 2013 legislative session, PMP will continue to advocate for the extension of the Health Flex Program authorized under Section 408.909 of the Florida Statutes which is set to expire on July 1, 2013.

Plan Type	Current Enrollment as of 10/1/12	Comparison Enrollment as of 12/1/11
Plan A - Basic	72	59
Plan A - Plus	441	405
Plan A – Plus with Urgent Care	721	733
Plan B - Basic	10	6
Plan B – Plus with Urgent Care	409	156
Total Enrollment	1653	1359

PMP's Current Product Offerings/Premiums/Benefit Descriptions

Health Flex Plans with the Plan A network in Miami-Dade County offer the following:

Health Flex Plan A	Premiums	Benefit Description
Basic	$40 per month	Basic preventive/ diagnostic care/generic drugs
Plus	$51 per month	Basic plan plus specialty physician care visits
Plus with Urgent Care	$63 per month	Plus plan with access to urgent care facilities

Health Flex Plans with the Plan B expanded network in Miami-Dade and Broward Counties offer the following:

Health Flex Plan B	Premiums	Benefit Description
Basic	$45 per month	Basic preventive/ diagnostic care/generic drugs
Plus with Urgent Care	$69 per month	Basic and specialist services with access to urgent care facilities

PMP's Health Flex applicants also have the option to add the following benefits:

Dental Optional Rider	$6 per month	Basic dental coverage
Optical Optional Rider	$5 per month	Basic vision coverage

PMP continues to integrate its Health Flex plans, which is branded as "Medi-Flex" in the community into its mainstream Commercial marketing and advertising efforts to offer consumers a wide array of health coverage options.

Vita Health Plan

Vita Health is a shared cost health coverage plan operated by Healthy Palm Beaches, Inc., a fully accredited HMO by the Accreditation Association for Ambulatory Health Care. Healthy Palm Beaches began operating the Vita Health Health Flex plan in February 2006. Vita Health targets individuals and families in Palm Beach County in an effort to offer an affordable health coverage option. Vita Health offers a variety of medical coverage including: emergency, inpatient services, outpatient surgery, preventive care, specialty coverage, diagnostics, prescriptions, lab and radiology.

Members are responsible for a share of the monthly premium. The Health Care District of Palm Beach County subsidizes the additional share of the premiums. The member's share of the monthly premium is as follows:

Children (ages 1-20):	$30
Adults (ages 21-54):	$65
Adults (ages 55-64):	$125

To further assist Palm Beach County residents, a two-tiered co-payment schedule exists. Vita Blue is offered to beneficiaries with an income level up to 150 percent of the Federal Poverty Level (FPL); and Vita Green is offered to those with incomes between 150 and 300 percent of the FPL.

Services	**Vita Blue**	**Vita Green**
Hospital Services	$20 per admission	$30 per admission
Outpatient Surgery	$20 per visit	$25 per visit
Emergency Room	$15 (waived if admitted)	$25 (waived if admitted)
Outpatient Diagnostic	$15 per visit	$15 per visit
Lab and X-Ray	$15 per visit	$15 per visit
MRI/CT Scan	$25 per scan	$25 per scan
Primary Care Physician	$5 per visit	$10 per visit
Specialist	$15 per visit	$20 per visit
Hospital Based Services	No co-payment	No co-payment
Generic Prescription	$10 per prescription	$10 per prescription

Vita Health has experienced a 29 percent growth over the past year. Membership grew from 7,879 members in September 2011 to 10,150 members in September 2012. Vita Health attributes its continued rapid growth to the inclusion of an inpatient hospital benefit, word-of-mouth referrals, eligibility income criteria up to 300 percent of the FPL, and the subsidized premium by the Health Care District of Palm Beach County. The Health Care District subsidizes approximately 2/3 of the total premium with the member's share of the premium accounting for approximately 1/3 of the total premium.

Compliance Monitoring

The Agency surveyed the active plans in 2012. The survey evaluated compliance with the eligibility requirements, plan member grievance procedures, quality assurance plan, utilization review plan, patient and provider satisfaction data, outreach education efforts, provider networks, credentialing and recredentialing procedures, record retention requirements, and services coordination efforts. The plans surveyed were in full compliance with the statutory requirements.

Reported Financial Results

The following chart reflects the enrollment and reported financial condition of each Health Flex Plan entity to the Office as of September 30, 2012. This information is compiled from the quarterly financial statements filed by each Health Flex Plan with the Office. The information reflected below has not been audited or independently verified.

COMPANY	TOTAL ADMITTED ASSETS	TOTAL LIABILITIES	TOTAL CAPITAL AND SURPLUS	CALENDAR YTD PREMIUM	CALENDAR YTD NET INCOME OR (LOSS)	ENROLLEES
AMERICAN CARE, INC.	$2,039,767	$35,773	$2,003,994	$143,287	$19,037	347
PREFERRED MEDICAL PLAN, INC.	$39,137,282	$27,153,480	$11,983,802	$842,400	$289,004	1,630
VITA HEALTH PLAN (HEALTHY PALM BEACHES)	$18,649,837	$8,310,520	$10,339,317	$8,035,845	($8,766,931)	10,150
TOTAL	**$59,826,886**	**$35,499,773**	**$24,327,113**	**$9,021,532**	**($8,458,890)**	**12,127**

Balance sheet accounts include all operations of each entity, including Health Flex business.
Income statement operations include Health Flex transactions only.
Vita Health Plan premium for the first nine months of 2012 included $1,875,000 of low income pool subsidy.
Vita Health Plan has not yet received the Health Care District subsidy for 2012, which could have a positive material effect on Calendar YTD Net Income.