

**FLORIDA HEALTH INSURANCE ADVISORY BOARD**

**Board of Directors Meeting**

**November 21, 2008**

**9 A.M – 2 P.M.**

**Senate Office Building, Room 401**

**Tallahassee, Florida**

**APPROVED MINUTES**

**Board Members Present:**

Kevin McCarty

Rick Wallace

Joan Galletta

Harry Spring

W. Adam Clatsoff

Tamara Meyerson

Walter Dartland

Mark LaBorde

Michael Jackson

Mark Thomas

Leslie D. Foy

Maria Wells

**Others Present:**

Eric Lingswiler

Linda Ziegler

Jack McDermott

Carol Ostapchuk

Claire Call

Lori Parham

Ryan Tucker

**I. Call to Order**

Chairman Commissioner McCarty welcomed the members and audience, noted the presence of the quorum and called the meeting to order.

**II. Antitrust Statement**

Commissioner McCarty directed the members to the antitrust statement.

**III. Introduction of Members**

As requested by the Chair, the Board members and the interim Executive Director introduced themselves and stated their affiliations.

**IV. Remarks by Chairman**

Commissioner McCarty thanked everyone for their attendance. He commented about the challenging economic times faced in Florida, nationally and globally, specifically noting the sub-prime mortgage crisis, derivative credit swap instruments and the federal bail-out programs. The Commissioner also noted that Florida will again face a \$1 billion revenue shortfall in addition to the \$1.4 billion that was announced last August. He stressed that in the wake of the economic crisis, rising unemployment, and revenue shortfalls at the state level, the work of this Board in exploring alternative methods of bringing available and affordable health insurance coverage to all Floridians is even more important. Florida

has roughly 3.7 million uninsured, making Florida one of the states with the highest number of insured in the nation.

He cited the recent enactment of Governor Crist's Cover Florida Plan in May 2008 and pointed out that Cover Florida is jointly administered by the Office of Insurance Regulation and the Agency for Health Care Administration. He also noted that there are six Companies scheduled to participate in the program. The Commissioner noted the full Agenda today various presentations and thanked the members for taking the time to participate, thanked the staff for their efforts in preparing for the meeting and thanked the audience for attending.

## **V. Approval of Minutes: April 18, 2008**

Commissioner McCarty asked if there were any corrections or additions to the April 18, 2008 minutes. Hearing none, Mr. Clatsoff moved approval of the minutes and Mr. Wallace seconded the motion. The motion was approved.

## **VI. Executive Director's Report**

### **a. Monthly Financial Statements: September 2008**

Ms. Ostapchuk briefly reviewed the year-to-date financial statements for each Program for the period ending September 30, 2008. With regard to invested assets, a Certificate of Deposit was renewed at Wachovia Bank at an interest rate of 4.5%. She noted that the expenses were generally as expected with the exception of an expense incurred for reprinting the Program stationery and envelopes. The income items now reflect the collection of the majority of the 2008 interim administrative assessments for both programs. No other exceptions were noted.

### **b. 2008 Interim Assessment: Report on Progress**

At Mr. Dartland's request and the Chair's concurrence, Ms. Ostapchuk presented a brief overview of the assessment process. Ms. Ostapchuk reported that the previously approved interim administrative assessment of \$40,000 for the small employer program and \$25,000 for the individual interim administrative assessments had been essentially collected in full for both programs. The exception is for amounts under \$10.00 which are not billed. Mr. Spring suggested that amounts under \$10.00 be reallocated to the carriers to facilitate the collection of the full assessment. The Chair advised that he would seek a legal opinion about this.

### **c. Y-T-D Budget/Actual Expense: September 30, 2008**

Ms. Ostapchuk briefly reviewed the budget-to-actual comparison through September 30, 2008. She noted that total expenditures were below the target rate

for the period and that all items were under budget with no extraordinary items noted or anticipated in the next three months of the year.

#### **d. Discussion of Draft Florida Health Insurance Market Report**

Ms. Ostapchuk prefaced the review of the Draft Report by explaining that she accessed as many sources as possible to obtain the most recent data available. She reviewed the Draft Report in detail emphasizing the rate of under age 65 uninsured in Florida versus the national average, pointed out various highlights in the narrative and the supporting tables and charts contained in the Report. She also mentioned the inclusion of Florida demographics as an appendix due to a suggestion made by Ms. Kammer and the Board during the review of the prior year's report. Mr. Dartland asked if the enrollment, premium, and claims data can be further refined to show a breakdown that included Health Savings Accounts. The Commissioner responded that his staff will examine the current information gathering and data requests to see if further breakdowns can be achieved. Following discussion and questions from the Members and two suggestions of clarifying language by Mr. Spring and Mr. Thomas, the Report was unanimously adopted subject to three minor clarifications.

### **VII. Report on Implementation of 2008 Florida Legislation & Outlook for 2009 Federal Legislation – Eric Lingswiler**

Mr. Lingswiler reviewed the highlights of the enacted 2008 legislation affecting health insurance in Florida beginning with Senate Bill 2534. He highlighted the changes that amended Section 409.909, F.S., regarding the eligibility requirements for Health Flex Plans which included a postponement of their sunset until July 1, 2013. He also discussed the changes to Section 627.6562, F.S., which extends coverage for dependents up to age 30 and advised the Board that the Office is collecting input prior to the issuance of a memorandum and/or the commencement of rulemaking. Questions on this issue may be directed to Mr. Lingswiler.

Other highlights included the changes to Section 409.814, F.S., which inserted a reduced eligibility requirement for the Healthy Kids Program to 200% of the federal level; Section 408.910, F.S., which appropriated funds for a CEO, advertising, marketing and a Third Party Administrator and Section 408.9091, F.S., which provides for four regional and two statewide providers for the Healthy Kids Program. Mr. Lingswiler advised that no proposals have been put forth regarding the Developmental Disabilities Working Group.

On the national level, Mr. Lingswiler advised that the Obama/Biden Plan has not yet been fully vetted and he does anticipate this will take a back seat to the economic issues. He expects the Obama/Biden Plan will be further explored and amended at a later date. He also advised the Board that President Bush has signed the Genetic Information Nondiscrimination Act, which prohibits genetic information from being used in a variety of ways.

## **VIII. Presentation of 2007 Audit Reports, Ryan Tucker, Purvis, Gray & Company**

Mr. Ryan Tucker of Purvis, Gray & Company briefly presented and reviewed the 2007 Audit Reports for both programs. He noted the audit received the full cooperation of management, had no significant adjustments or internal control weaknesses and resulted in an unqualified opinion with no limitations, exceptions or qualifications. He noted this is the highest level of opinion that may be given. Mr. Tucker also advised the federal income tax returns have been filed for both plans as well.

## **IX. A Consumer Perspective on Providing Quality, Affordable Coverage to Floridians – Lori Parham – State Director, AARP Florida**

Ms. Parham outlined the objectives of AARP's "Divided We Fail" program which seeks to achieve health and financial security for all Americans and is comprised of a joint effort by AARP, the Business Round Table, the National Federation of Independent Business and the Service Employees International Union. She discussed the cost shifting that results from the uninsured, the coverage options available in the present market in Florida, briefly outlined the health insurance policy available to AARP members, discussed community rating in the context of the NAIC Model Act and potential funding sources for risk sharing mechanisms. Ms. Parham concluded by expressing the interest of AARP Florida in working with the Board to address these and other health insurance related issues.

## **X. Demonstration of the Office of Insurance Regulation's Medicare Supplement Insurance Rate Comparison Web site – Linda Ziegler**

Ms. Ziegler presented a comprehensive overview of the Office of Insurance Regulation's Medicare Supplement Insurance Rate Comparison Web site and took the Members through a demonstration of how a Florida consumer can access the information and compare benefit plans and rates, by Company, in a user-friendly format.

## **XI. 2009 Legislative Recommendations**

Commissioner McCarty requested that the members submit their legislative recommendations for consideration at the next meeting.

## **XII. Other Business**

Mr. Michael Jackson wanted to bring a potential problem to the attention of the Board that involves pharmacists being held to a standard of enforcing the correctness of prescriptions written by physicians. Although responsibility is not required by the medical governing board, an incorrectly written prescription can be the basis for a claim denial by a pharmacy benefit manager on behalf of the health plan.

**XIII. Adjournment**

There being no further business before the Board, the meeting was adjourned.

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Kevin M. McCarty, Chairman

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Date