

FLORIDA HEALTH INSURANCE ADVISORY BOARD
Board of Directors Meeting
February 2, 2008
9 A.M – 2 P.M.

APPROVED MINUTES

Board Members Present:

Kevin McCarty	W. Adam Clatsoff
Leslie D. Foy	Mark LaBorde
Rick Wallace	Tamara Meyerson
Joan Galletta	Randy Kammer
Walter Dartland	Bill Herrle
Michael Jackson	Mark Thomas
Tony Marco	

Others Present:

Jim Bracher	Audrey Brown
Freedom Taylor	Monica Rutkowski
Terry Gonzalez	Carol Ostapchuk
Chip Kenyon	Jose Volosin

I. Call to Order

Mr. McCarty noted the presence of the quorum and called the meeting to order.

II. Antitrust Statement

Mr. McCarty directed the members to the antitrust statement.

III. Remarks by Chairman

Mr. McCarty stated that he wanted to briefly review a busy and productive year that the Board had in 2007. He noted that the Florida Health Insurance Advisory Board met five times last year beginning in July 2007. Meetings were held in Tallahassee, Miami, and Orlando. These meetings featured presentations by experts from the University of Florida, The Heritage Foundation, the Florida Agency for Health Care Administration and others on the uninsured and other concerns in Florida's health insurance markets. He also noted that the Board heard testimony from a variety of stakeholders including businesses, insurance companies, agents and consumers. Based on the input of these experts and stakeholders, the Board developed a set of recommendations designed to address the issues of cost, access, and functioning of Florida's health insurance markets. Mr. McCarty noted these recommendations included strategies to improve targeted segments of the market as well as suggestions for comprehensive reform, which also recognized Florida's current fiscal crisis. Mr. McCarty stated that he had provided those

recommendations to the Governor, Cabinet, and the Legislature leadership and that his staff was currently working with the Governor's Office and Legislature to address these recommendations. He also noted that Board had published the third report in its annual series of reports on the state of the Florida's health insurance market. The 2007 Florida Health Insurance Market Report documented a strengthening in all segments of the Florida insurance market while reporting an increased number of Floridians finding themselves without the benefit of health insurance coverage. The report also documented the inequalities in the individual marketplace that were addressed in the Board's legislative recommendations. Mr. McCarty thanked all the Board members for their work and for traveling to the meeting today and he thanked the Department of Financial Services Consumer Services Office for their assistance at today's meeting.

IV. Invited Presentation

The following persons gave presentations: Chip Kenyon, Blue Cross Blue Shield – Pilot: Limited Benefit Health Insurance Product; Elfie Stamm, Agency for Health Care Administration - Health Flex Plan Program; Tamara Meyerson, President and Chief Executive Officer, Preferred Medical Plan - individual health insurance and prepaid clinic products and Jose Volosin, Pro Medical – prepaid clinic and discount care products.

V. Approval of Minutes: November 2, 2007

Mr. McCarty asked if there were any corrections or additions to the November 2, 2007 minutes. Mr. Thomas noted that he had two abstentions on legislative recommendations #14 and #5. Mr. Dartland moved approval of the minutes with the necessary corrections. Ms. Foy seconded the motion. The motion was approved.

VI. Monthly Financial Statements: November 2007

Mr. Bracher briefly reviewed the monthly financial statements for each Program for November 2007. He noted that the expenses were generally as expected and that the liabilities for both programs were for preparation of the Program tax returns. Mr. Bracher noted that the last monthly financial statement provided to the Board was for the month of July and that he would send anyone who was interested a copy of monthly financial statements for August through October.

VII. Y-T-D Budget/Actual Expense: November 2007

Mr. Bracher briefly reviewed the budget to actual comparison through November 2007. He noted that total expenditures were below the target rate for the period and that all items were under budget except for miscellaneous and postage and delivery expense. Mr. Bracher noted that the largest expense that the board would be looking at in the month of December would be the accrual of the audit fee. He also noted that the budget allotted \$12,000 for the audit fees and an amount would be accrued in December based on the fee of the audit firm selected by the Board. The question was asked if the Programs had any legal fees for the year and Mr. Bracher stated that there was none.

VIII. Selection of Audit Firm for 2007 Audit

Mr. Bracher reported that Commission McCarty had appointed the following Audit Committee: Tony Marco, Chair, Leslie Foy and Randy Kammer. The Audit Committee has two important functions over the next six months. First, since our current audit firm (Purvis Gray and Company) has been our auditor for the past six years, the Commissioner felt that it would be desirable to determine if other firms might be available and interested in performing this audit. There is no requirement that audit firms be changed periodically; however, there is a requirement by the NAIC for insurance companies that the audit partner be changed every seven years. The current Purvis Gray partner has been in charge since the 2004 audit which satisfies this requirement. Second, new auditing standards have been issued that require that auditors have direct access to the governing body of an organization or its representatives. This access is necessary to communicate any issues related to the audit and to communicate the results of the audit. Since we are under no obligation to change auditors, it did not seem necessary to establish a formal bid and evaluation process. Finally, there is no requirement that we accept the lowest bid. A notice was placed in the Florida Administrative Weekly asking audit firms to respond with a statement of their qualifications, experience in auditing similar organizations and an audit fee. Firms responding were: Purvis Gray & Company, the current audit firm; Law, Redd, Crona & Monroe, P.A.; and Carr, Riggs & Ingram, LLC. The purpose of this solicitation is to give the Board an opportunity to view the qualifications of other firms, their related experience and audit fees. Several firms responded to the notice in the Administrative Weekly. Mr. Bracher noted that he provided those firms with information about the Programs, its scope of activities and copies of the previous audit. Finally, a conference call was held so interested firms could ask questions concerning the Programs and the audit. He noted that three firms made proposals, copies of which were provided to the Board. Mr. Bracher then asked Mr. Marco, Chair of the Audit Committee to discuss the responses. Mr. Marco stated after reviewing the experience and credentials of the firms, he concluded that all the firms were very similar even with respect to their bids. There was a brief discussion among the board members about the bids of the three audit firms. Mr. Marco made a motion recommending that the Board contract with Purvis, Gray & Company for the 2007 audit. Ms. Foy seconded the motion. The motion was adopted to contract with Purvis, Gray & Company for the 2007 audit. Mr. Bracher noted that the audit fee was quoted as a “not to exceed price” and the actual was usually less than that.

IX. Executive Director’s Report

Mr. Bracher stated that he had accepted a position with Florida Association of Health Plans and would be resigning effective the end of February. He noted that this was not an easy decision and that he has enjoyed working with the Board. Mr. McCarty, on behalf of the Board, expressed their appreciation for Mr. Bracher’s dedicated service to the organization and wished him well in his new endeavors. In response to a question from Mr. Dartland, Mr. McCarty briefly discussed the process of obtaining an Interim Director. He stated that he asked Ms. Carol Ostapchuk to monitor today’s meeting and

indicated that he would ask for a motion for an interim contract for Ms. Ostapchuk to serve as Executive Director while a formal process of looking for a replacement was undertaken. He gave a brief overview of Ms. Ostapchuk's expertise and work history. Mr. McCarty indicated that he believed that a four month contract would also sufficient time to select a replacement. Ms. Kammer made a motion to authorize negotiation for an interim contract with Ms. Ostapchuk and Ms. Meyerson seconded the motion. Mr. McCarty stated that there was a motion and a second with authorization to enter into interim contract and then the board will form a committee. The motion was adopted.

X. Other Business

Mr. McCarty discussed potential future agenda items. He reported that the Office of Insurance Regulation had been working with the Heritage Foundation regarding potential initiatives in Florida. He noted OIR staff was monitoring initiatives in other states and would provide an update at the next meeting. He also noted that staff would be exploring bills being discussed in Congress and how they would affect the state of Florida including proposals related to universal health care. Mr. McCarty reported that the Office had presented the Board's recommendations to the Governor's office and House and Senate leadership. He indicated that at this time the Office had not developed any specific recommendations of its own for the upcoming legislative session.

XI. Adjourn

There being no further business the meeting was adjourned.

Kevin McCarty, Chairman

Date