

FLORIDA HEALTH INSURANCE ADVISORY BOARD
Board of Directors Meeting
April 18, 2008
9 A.M – 2 P.M.

APPROVED MINUTES

Board Members Present:

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

Others Present:

Audrey Brown	Mary Beth Senkewicz	Carol Ostapchuk
Monica Rutkowski	Freedom Taylor	Claire Call

I. Call to Order

On behalf of Chairman Commissioner McCarty who will join the meeting in progress, Ms. Audrey Brown, Chief of Staff of the Office of Insurance Regulation, noted the presence of the quorum and called the meeting to order.

II. Antitrust Statement

Ms. Brown directed the members to the antitrust statement.

III. Introduction of Members

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

IV. Remarks by Chairman

To begin the Chairman's remarks, Ms. Brown thanked everyone for being here today. She went on to discuss the activities of the Board in 2007 which included the issuance of the third Health Insurance Market Report and the several meetings of the Board that were held around the state during 2007 in an effort to explore various alternative methods of providing both access to coverage as well as addressing the affordability of coverage. She noted that by conducting their meetings in this fashion, the Board actively solicited advice from numerous sources including insurers, providers, the University of Florida, the Agency for Health Care Administration (AHCA), the Heritage Foundation and many others. As a result, the recommendations of the Board to address cost, quality of care and various other issues were provided to the Governor's Office and the Legislature.

V. Approval of Minutes: February 1, 2008

Ms. Brown asked if there were any corrections or additions to the February 1, 2008 minutes. Hearing none, Ms. Kammer moved approval of the minutes and Mr. Thomas seconded the motion. The motion was approved.

VI. Monthly Financial Statements: December 2007

At Ms. Brown's request, Ms. Ostapchuk briefly reviewed the monthly financial statements for each Program for December 2007. She noted that the expenses were generally as expected and that the liabilities for both programs as of December 2007 now include the accrual for the 2007 audit.

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

Ms. Ostapchuk briefly reviewed the budget to actual comparison through December 2007. She 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. Ms. Ostapchuk noted that the actual budget for the year 2007 tracked very closely with the 2007 budget that was approved by the Board early in 2007.

VIII. Review and Approval of Proposed 2008 Operating Budget

Ms. Ostapchuk presented a proposed Operating Budget for 2008, based primarily on previous years' operating budgets and conference with the outgoing Executive Director. Ms. Ostapchuk pointed out that the projections for telephone were reduced as her office would assume that cost. She also noted that it is her recommendation that the meeting expense be increased since there was a slight actual expenditure amount over the budgeted amount for 2007.

Ms. Brown asked if there were any questions or comments. Hearing none, she asked for a motion to approve the proposed 2008 Operating Budget. Mr. Dartland so moved, Mr. Jackson seconded and the motion carried.

IX. Final 2007 Assessment Actions

Ms. Ostapchuk noted that the 2007 assessments had been completed and collected in full. Pursuant to statutory requirements, the Board had determined that the 2007 interim administrative assessments, collected in 2007 for both the Individual Program and the Small Employer Program, represent a final administrative assessment for 2007 and any funds remaining from these assessments will be used to offset future losses from the Programs.

Ms. Brown asked if there were any questions or comments and hearing none asked for a motion to finalize and close the 2007 assessments. Mr. Clatsoff so moved, Ms. Kammer seconded and the motion carried.

X. Motion for 2008 Interim Assessment

Ms. Ostapchuk noted that based upon her discussions with Mr. Bracher, past assessment history and the proposed Operating Budget for 2008, it is her recommendation that the Board consider an assessment of \$40,000 to the Small Employer Carriers and \$25,000 to the Individual Carriers.

Ms. Brown asked for questions or comments. Hearing none, she asked for a motion to approve each of the proposed 2008 assessments. Mr. Dartland so moved, Mr. Jackson seconded and the motion carried.

XI. Appointment of Carol Ostapchuk as authorized signatory for banking transactions

Ms. Brown explained that Mr. Bracher currently remains as an authorized signature on each of the Programs' bank accounts and noted that as interim Director, Ms. Ostapchuk should replace Mr. Bracher effective immediately. She requested the Board's approval to take the necessary steps to add Ms. Ostapchuk and remove Mr. Bracher as an authorized signatory on all current bank accounts.

Ms. Brown asked for questions or comments. Hearing none, she asked for a motion to approve the addition of Ms. Ostapchuk and the removal of Mr. Bracher as an authorized signatory on each of the current bank accounts effective immediately. Ms. Kammer so moved, Ms. Galletta seconded and the motion carried.

XII. Review of Selected Legislation

Ms. Brown introduced Deputy Commissioner Mary Beth Senkewicz to provide a review of the selected pertinent Bills pending before the Florida Legislature as well as to provide an update on any health insurance related Federal legislation.

Ms. Senkewicz previewed Senate Bill 2534 which includes the Governor's proposed Cover Florida Health Plan. She explained that the primary objectives of the Governor's Plan are to provide health insurance coverage to those individuals who have not had coverage during the previous six months, and to provide various coverage option choices within the Plans that will result in an ultimate monthly cost of \$100 to \$150 per month. She stressed that it is not the intention of the Cover Florida Plan to disrupt the existing small group market. The Plans will be submitted and reviewed pursuant to an Invitation to Negotiate, the processing of which will be jointly spearheaded by the Office of Insurance Regulation and AHCA. The target date for the release of the Invitation to Negotiate is July 1, 2008.

Ms. Senkewicz explained that under the Governor's Plan, the providers of coverage are deemed to be insurers and HMOs for purposes of the Unfair Trade Practices Act, while the alternative plans being considered provide for virtually no oversight.

Commissioner McCarty requested that Ms. Senkewicz address the Guaranty Fund issue and there ensued some discussion about the fact that there will be no Guaranty Fund coverage for any of these plans in the event of a failure of the carrier(s). It was commented on that an insurer who currently writes traditional business with Guaranty Fund coverage and also participates in these new plans will have to differentiate the new plan premiums for Guaranty Fund purposes.

Ms. Senkewicz went on to discuss the House Bill which in addition to the Governor's Cover Florida Plan provides for a myriad of "providers" to offer a widely varied mix of plans and undefined "service contracts" under what is being referred to as the Farmers' Marketplace. Unlike the Cover Florida Health Plan there is very little in the way of oversight and this plan would require the establishment of a 501(c)(3) Corporation that would administer the plan. There are also little or no consumer protections in this plan with no rating restrictions.

With regard to the Governor's Plan, Mr. Thomas emphasized the fact that AHCA will be putting forth every effort to make the information gathering and enrollment process as user friendly as possible for Florida consumers. Commissioner McCarty stressed that the efforts of everyone to create accessible and affordable coverage alternatives for Florida consumers must continue and the Governor's Plan is a considerable step in that direction. The Commissioner also commented that his Office has been in direct contact with the Governor's Office and AHCA throughout the development of the Cover Florida Plan and will continue to do so throughout implementation if passed. After a lengthy discussion of the details of both proposals known thus far and several questions and comments by the Board members, Mr. Dartland moved for the Board to show its support by endorsing the Governor's proposed Cover Florida Plan in the form of Senate Bill 2534. Mr. Thomas seconded and the motion carried with one nay and two abstentions.

XIII. Update on Federal Legislation

Ms. Senkewicz proceeded to discuss developments at the Federal level which concentrated on a review of recently filed Senate bill 2795, the Small Business Health Options Program or "SHOP". The SHOP Program provides for tax incentives for self-employed and small employer groups up to 50 employees and encourages the development of state purchasing pools. Ms. Senkewicz described the implementation timeline for the transition over a number of years to a prohibition on health insurance rating based upon health status and claims experience that would also be tied to the availability of the proposed tax incentives for small employers. She emphasized the fact if passed, that the National Association of Insurance Commissioners (NAIC) will be

studying the bill and will make recommendations to Congress which will in turn consider the NAIC recommendations.

XIV. Executive Director's Report

Mr. Ostapchuk thanked the Board and noted that she is honored to be asked to serve as interim Executive Director upon Mr. Bracher's departure and will make every effort to provide the Commissioner and the Board with an excellent level of service.

XI. Adjourn

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

Kevin McCarty, Chairman

Date