

FLORIDA HEALTH INSURANCE ADVISORY BOARD

Board of Directors Meeting

March 27, 2009

10:00 A.M – 12:00 P.M.

Larson Building – Via Teleconference

Tallahassee, Florida

APPROVED MINUTES

Board Members Present:

Kevin McCarty

Rick Wallace

Joan Galletta

Michael Jackson

Tamara Meyerson

Walter Dartland

Tom Warring

Maria Wells

Mark LaBorde

Others Present:

Mary Beth Senkewicz

Carol Ostapchuk

Audrey Brown

Claire Call

Rebecca McCarley

I. Call to Order

Chairman Commissioner McCarty called the roll, welcomed the members, 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

After calling the roll and receiving responses, as requested by the Commissioner, the Board members and the interim Executive Director introduced themselves and stated their affiliations.

IV. Remarks by Chairman

Remarks - Commissioner McCarty thanked everyone for their telephonic attendance. He began his comments with an update on the interest and participation in Cover Florida noting that there are currently six providers offering 25 creative products, 14 of which have a monthly premium of \$150 or less. He also noted that thousands of Floridians are inquiring about the Cover Florida Plan and everyone is cautiously optimistic that Cover Florida will help address the uninsured in Florida. He also noted that at based upon a recent national study by the Robert Wood Johnson Foundation, one in five people have no health insurance and that the 19 to 65 year old age group presents the greatest risk and it was with this group in mind that the Governor created the Cover Florida Plan.

Mt. Dartland inquired about the possibility of statistically following those consumers who enroll in Cover Florida. Ms. Senkewicz responded that the Office of Insurance Regulation (Office) will in fact track numbers of enrollees but will not have the ability to track Cover Florida participants individually.

Search & Selection – Permanent Executive Director – Commissioner McCarty reported that a number of applications have been received for the permanent Executive Director position and appointed a Search & Selection Subcommittee consisting of Harry Spring, Adam Clatsoff and Joan Galletta. Ms. Senkewicz was designated as staff support to assist the subcommittee with the review and evaluation process on incoming applications for the permanent Executive Director position.

The Commissioner announced the next scheduled meeting of the Board will be June 11, 2009 at 9:30 AM, with the site to be determined.

V. Approval of Minutes: April 18, 2008

Commissioner McCarty asked if there were any corrections or additions to the November 21, 2008 minutes. Mr. Dartland moved approval of the minutes and Ms. Meyerson seconded the motion. Mr. Jackson suggested a clarifying edit to Agenda Item XII of the Minutes and Ms. Ostapchuk was directed by the Chair to make the correction as noted. After duly noting the correction, the motion was approved.

VI. Executive Director's Report

a. Monthly Financial Statements: December 31, 2008

Ms. Ostapchuk briefly reviewed the year-to-date unaudited financial statements for each Program for the period ending December 31, 2008. No exceptions were noted.

b. Y-T-D Budget/Actual Expense: December 31, 2008

Ms. Ostapchuk briefly reviewed the budget-to-actual comparison through December 31, 2008. She noted that total expenditures were below the target rate ending the year at an aggregate of 92.55% and that all items were under budget with no extraordinary items noted.

c. Update on 2008 Audit

Ms. Ostapchuk advised that she has met with the auditors and that the audit for 2008 will begin on April 6, 2009. It is projected that the audit will be completed much earlier this year. Further updates will be provided to the Board as the audit progresses.

VII. Discussion of 2009 Legislative Session Related to Health Insurance

Ms. Senkewicz noted that the 2009 Legislative Session is now in full swing; however, there are no major initiatives affecting health insurance issues.

She reviewed several bills that have been filed including the so-called "Assignment Bill" which would prevent insurers from prohibiting assignment of benefits to non-network providers. She also clarified that the Board has not taken a position on this bill. There was some discussion on the Autism Bill passed in the 2008 legislative session which takes effect on April 1, 2009, and applies to large group plans. Ms. Senkewicz noted that she chaired the Developmental Disabilities Working Group (Group) under the provisions of that bill and that the Group was in fact successful in adopting a Compact pursuant to the provisions of that legislation; however, at this time no insurers or Health Maintenance Organizations had signed on to the Compact as expected.

Other highlights discussed included a bill that proposes changes to Florida Healthy Kids which would include some dental coverage under the plan. The bill also addresses certain contract provisions for pre-paid limited health service plans as they relate to affiliated providers. Ms. Senkewicz then discussed the Federal Stimulus Package as it relates to COBRA for people who have lost their jobs between September 30, 2008 and December 31, 2009, and want to continue their coverage under COBRA. Under this package, the insured would only be required to pay 35% of the premium and the insurer would accept this as payment in full from the insured, with the insurer then having to recoup the remaining 65% via a credit against the insurers' payroll tax returns. Ms. Senkewicz reported that 35% of premium as full payment by the insured also applies to state "mini COBRA" plans. The federal package provided an opportunity for those who lost their job between September 30, 2008 and the date President Obama signed the bill to sign up for COBRA even though it was technically too late. However, this provision applies only to federal COBRA and not state mini-COBRA. Under existing statutes, any employee losing a job from September 30, 2008 to the present time would be ineligible as they have now passed their eligibility period. Ms. Senkewicz is currently working with the Governor's Office and staff to draft an amendment expanding the "mini COBRA" provisions to allow for this late signing up.

With regard to Medicare coverage, Ms. Kammer asked if the Office has any opinion on the inclusion of the under 65 population with End Stage Renal Disease (ESRD). Ms. Senkewicz acknowledged that there are approximately 20 states that have expanded their laws to provide for an open enrollment period for the under 65 disabled community. She advised that there is a bill pending that would in fact provide for open enrollment for this segment of the population but the possible support for this bill it is unclear at this time.

VIII. Discussion of 2009 Legislative Recommendations

The Commissioner requested that Board Member Maria Wells describe her recommendation. Ms. Wells told the group that the National Association of Realtors currently reports that of their 1.3 million member realtors, one in four is uninsured, primarily due to the high cost of coverage. In addition, she noted there are 102,000 self-employed realtors in Florida with individual policies. Her issue relates to the six month uninsured requirement to be eligible for any type of coverage under the Cover Florida Plans and whether there is any way to either eliminate or shorten that six month uncovered requirement. Ms. Senkewicz responded that the Governor's Office felt it was an important requirement to include in the plan in an effort to prevent people from dropping their more expensive coverage and replacing it with lesser coverage under the Cover Florida Plan and the Governor's intent with Cover Florida was to address the presently uninsured population rather than those with current major medical coverage or employers with small group coverage who might want to change to a less expensive form of coverage. She did report that it has come up in another arena as well since there are situations where a person may not have lost their job but has lost coverage due to their employer ceasing to offer them coverage.

Ms. Kammer acknowledged that Blue Cross Blue Shield of Florida would actually favor dropping the six month requirement for individual policies but not for group policies. The Commissioner responded that perhaps an amendment could be drafted to accomplish this and Ms. Senkewicz will meet with the Governor's Office to explore this further.

Ms. Meyerson raised the possibility of raising the current capital requirement of \$150,000 for prepaid limited health plans licensed pursuant to Chapter 641, Part II. There was some discussion about the current requirement being outdated and that at a minimum, the requirement should be closer to \$300,000 as it is for Health-Flex Plans. The Commissioner responded that while this is a fiscally prudent action and the Office would not have any objections to an increase in the capital requirement for newly licensed plans, he felt a phase-in period for existing plans should be included in any revision to the statute.

Mr. Clatsoff was not in attendance to discuss his recommendation about the use of defined benefit plans and payroll deduction by employers for all coverage including dependent coverage.

Ms. Senkewicz announced that the Commissioner is now the Secretary/Treasurer and thus an officer of the National Association of Insurance Commissioners (NAIC) as a result of the December elections of that organization. The Commissioner and Florida continue to have an increasing involvement in all health care issues at the NAIC level.

IX. Report on Federal Health Insurance Proposals – Mary Beth Senkewicz

Ms. Senkewicz reported that at the federal level there is a broad landscape of information circulating and a great deal of discussion focused on the individual market. Questions being raised and explored include: should coverage for all be mandated; will there be a public plan in addition to and competing with private plans; and adverse selection being a very important issue in all these discussions. She advised that there is also interest in exploring insurance exchanges as well as purchasing pools and cooperatives, and whether these types of entities should be at the national, regional or state level.

She provided a synopsis of a free-flowing roundtable discussion recently held in Washington on the Senate side attended by a select group of interested parties to explore these and many other possibilities. She pointed out that progress is being made and both the Blue Cross & Blue Shield Association as well as America's Health Insurance Plans expressed their non-opposition to guaranteed issue on an individual basis if there were to be a mandate for participation. Ms. Senkewicz stressed that thematically, many discussions centered on the possibility of a mandate both on an individual and an employer basis as well as the potential expansion of various public plans like Medicare and Medicaid, preventative care, wellness treatment, care management, etc. She ended the discussion with the advisement that the issues to be discussed as this develops further will all be tempered by the larger issues of the cost of coverage, health care and subsidies.

Ms. Wells pointed out that the National Association of Realtors has in the past strongly supported the Small Business Health Options Program Act of 2008 (SHOP) and asked if there was any possibility of this being reintroduced this session of Congress. Ms. Senkewicz responded that the SHOP Act itself dealing with the establishing exchanges etc. might not be reintroduced but believed that some form of the ideas in the SHOP Act will be reintroduced

Mr. Dartland raised his concerns regarding House Bill 263 that addresses generic drugs and generic alternatives.

X. Discussion of Recommendation for Future Presentations

The issue of generic drugs and generic alternatives was raised by Mr. Dartland as a possible topic of discussion at a future meeting. As a result, a discussion involving several Board Members followed regarding this issue, raising several related issues including the continuing problem of differences in the formularies, plan design changes that end or restrict use of generic alternatives, and the challenge these changes present to physicians and health care providers. Additionally, there was further discussion about the removal of a generic drug or generic alternative from the formulary resulting in increased

overall cost of drugs as well as higher copayments. It was agreed that this topic should be explored for a future meeting.

Mr. Dartland also suggested that a session devoted to fraud and its costs be included in a future meeting, perhaps to be held in Miami. The Commissioner responded that the incidence of fraud in central and north Florida per capita is almost as high as south Florida. He pointed out, however, that tremendous resources have been deployed to combat fraud in south Florida, emphasizing that Florida leads the nation in fraud prosecutions. He commended Chief Financial Officer Sink and the Department of Financial Services, Division of Fraud, for their fine work in this area. Ms. Kammer pointed out that according to the Centers for Medicare & Medicaid Services (CMS), south Florida continues to experience the highest incidence of Medicare fraud.

The Commissioner agreed that we should have a session devoted to fraud in the future, perhaps inviting the Division of Fraud, Department of Financial Services to conduct the session.

XI. Other Business

Ms. Kammer announced that the Commissioner was recently named Regulator of the Year by LexisNexis and that this is quite an honor that she felt the Board should be aware of.

XII. Adjournment

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

Kevin M. McCarty, Chairman

Date