

**Florida Health Insurance Advisory Board
Board of Directors Meeting
July 19, 2007
10 A.M.
401 Senate Office Building
404 South Monroe Street, Tallahassee**

APPROVED MINUTES

Board Members Present:

Kevin McCarty
Leslie D. Foy
Randy Kammer
Tony Marco
Joan Galletta

W. Adam Clatsoff
Harry Spring
Tamara Meyerson
Tom Warring

Others Present:

Jim Bracher
Paul Duncan
Monica Rutkowski
David Queller

Sally House
Mary Beth Senkewicz
David Lewis
Freedom Taylor

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. Introduction of Members

Mr. McCarty asked each member of the Board to introduce themselves.

IV. Remarks by Chairman

Mr. McCarty expressed his appreciation for those who gathered for this meeting with the Florida Health Insurance Advisory Board. He indicated that the meeting would provide a survey of the marketplace not only in Florida but also around the country. Mr. McCarty noted that the Florida Health Insurance Advisory Board was charged with advising the Office of Insurance Regulation, the Agency for Health Care Administration, the Department of Financial Services and other executive departments on health insurance issues. In addition, the board is responsible for making recommendations to address the

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affordability and availability of health insurance for Floridians. Mr. McCarty stated that the Board meetings are held to maximize the public participation and input about the importance of health insurance. Mr. McCarty noted that this Board was formally known as the Florida Small Employer Health Reinsurance Program, which began in 1992 as a component of Florida's small group reform.

V. Overview of Florida's Uninsured Population

Mr. Paul Duncan, Department of Health Services Research, Management & Policy University of Florida, presented an overview of Florida's uninsured population. He noted that Florida ranks among the states with the highest number of uninsured (along with Texas, New Mexico, California and Louisiana). Miami-Dade County has the highest rates of uninsurance within Florida at 28.7%. He reported that the uninsured in Florida in 2004 numbered 2.7 million and in the nation 45.5 million. By 2006 the national rate for the uninsured had increased to 46.5 million. Mr. Duncan noted the rate of uninsured for children and adults for 2004 in Florida adults under age 65 was 19.2%, (Children 12.1%, and Adults 22.2%). He reported that in general the uninsured are minorities (especially Hispanics), relatively low-wage workers, seasonal workers, part-time workers, younger workers and employed in smaller firms.

VI. State Health Care Reform Activities

Ms. Monica Rutkowski, Director, Life and Health Product Review with the Office of Insurance Regulation, presented an overview of health care reform initiatives in several states including New York, Massachusetts, California, Minnesota, Pennsylvania, Illinois, Maine, Maryland, Wisconsin, Iowa, Hawaii, Oklahoma, Texas, Georgia, Arkansas, and Kentucky.

VII. Federal Health Care Reform Activities

Ms. Mary Beth Senkewicz, newly appointed Deputy Commissioner of Life and Health in the OIR reported that the focus at the federal level was on Medicare and the reauthorization of the State Children's Health Insurance Program (SCHIP). She also reported that the Association Health Plan legislation was not moving.

VIII. Approval of Minutes: February 22, 2007

Mr. McCarty asked if there were any corrections or additions to the February 22, 2007 minutes. Mr. Spring moved approval of the minutes and Ms. Kammer seconded the motion. The motion was approved.

IX. Acceptance of 2006 Audit Report

Mr. Bracher directed the Board's attention to the 2006 draft audit report that had been provided to the Board and asked Mr. Tucker from Purvis Gray & Company to comment on the report. Mr. Tucker briefly reviewed the draft audit report. He reported a "clean" opinion in the related financial statements for the Small Employer and Individual Programs. Mr. Tucker reported that there was one item that he wanted to address from the management letter for both Programs. The Programs had been operating on a purchasing policy that was adopted many years ago. He recommended that this policy be reviewed and updated to reflect the nature of current operations. The updated policy should, at a minimum, address the types of purchases that require board approval and when dual signatures are required for checks and dual authorizations for wire transfer or electronic payments. Mr. Bracher noted that the board approved the policy that is in place in 1997, and there is an item #10 on the agenda to update the purchasing policy. Mr. Warring asked about the audit report being labeled as preliminary and what would be the steps in issuing a final audit report. Mr. Tucker reported that they would take any input from the board if there were to be any changes in the wording. Mr. Tucker also noted that the report was undergoing final review by Purvis Gray. Mr. Bracher noted that the report was labeled draft to give the Board an opportunity to review and comment. He indicated that the financial results would not change, and Mr. Tucker agreed. Mr. Spring moved that the preliminary draft audit reports be accepted and Mr. Warring seconded the motion. It was unanimously approved.

X. Approval of Accounting/Purchasing Procedure

Mr. Bracher presented an Accounting/Purchasing Procedure to the Board. The Executive Director will be required to obtain advance approval of any expense greater than \$500 from the Chair of the Board of Directors unless such purchase is directed by the Board. All invoices shall be approved by the Executive Director, evidenced by initialing, prior to the preparation of a check. All checks over \$1000, except the Executive Director's monthly management fee, shall require two signatures. Persons authorized to sign checks, in addition to the Chair and the Executive Director, shall be designated by the Board. When a second signature is required on a check, that person shall also initial the supporting invoice. Ms. Foy moved the approval of the accounting/purchasing procedure be accepted and Mr. Kammer seconded the motion. It was unanimously approved.

XI. Authorized Check Signers

Mr. Bracher reported that currently the plan has designated check signers for those checks that require dual signatures. The check signers are the Chairman, Executive Director and Mr. Spring. Mr. Bracher noted that if the Board wishes to continue with these persons as the authorized check signers, a motion would be needed. He also noted that since the Chairman had changed, new signatures cards would be needed by the bank.

Mr. Warring moved approval to have the authorized check signers listed above and Ms. Kammer seconded the motion. The motion was approved.

XII. Invited Presentations

David Lewis, CEO, United Healthcare of Florida; Randy Kammer, Vice President, Regulatory Affairs and Public Policy, Blue Cross Blue Shield of Florida; and David Queller, President, National Accounts Southeast Region, Aetna, made presentations outlining their company's views on health care reform. The presentations included the following principles to guide reform: developed and implemented through a public/private partnership; comprehensive with phased-in implementation; maximize the use of existing public programs and dollars; promote health care transparency and electronic interchange; and require mandated individual coverage with guarantee issue and premium subsidizes.

XIII. Meetings and Other Activities for the Year

Mr. McCarty reported that the Board was trying to secure a time and date for an upcoming meeting in South Florida. He also noted that the Board would invite speakers including small businesses, associations and individuals to make presentations. Mr. Bracher reported that the next meeting would probably be held the third week in September in Tallahassee. Mr. Bracher asked the Board and others to contact him if they knew persons who might be interested in testifying at the next meeting. He also reported that the Board has a report due the first of September and that any who had any issues or input to contact him.

XIV. Monthly Financial Statements: December 2006

Mr. Bracher presented the December 2006 financial statements. He noted that since the auditors had a couple of adjusting entries, these statements agreed with the final audited results for the year.

XV. Y-T-D Budget/Actual Expense: December 2006

Mr. Bracher noted that the year-to date budget/actual expense report for December 2006 also represented final accounting for the year.

XVI. Monthly Financial Statement: May 2007

Mr. Bracher briefly reviewed the monthly financial statements for each Program. He noted that the financial statements are interim statements and are presented subject to audit at the end of the year. He noted that the balance sheet for the Small Employer Program shows a negative cash balance due to the fact that a check was written for the auditors, but that the check was not released until June when funds were transferred to

cover the check. He also noted that there was an outstanding amount due to the Small Employer Program on the Individual balance sheet. This balance was settled in June after receipt of all assessments.

XVII. Y-T-D Budget/Actual Expense: May 2007

Mr. Bracher briefly reviewed the budget to actual comparison through May 2007. He noted that total expenditures were below the target rate for the period and that all items were under budget except for Postage.

XVIII. Executive Director's Report

Mr. Bracher reported that the Florida Health Insurance Advisory Board had been registered as a new fictitious name. He also reported that at the last meeting a question was asked about audit firm rotation. He reported that the NAIC required that the audit partner be rotated every seven years. Mr. Spring had inquired if there were any requirements per GAAP and there are none. Mr. McCarty noted that it is good policy from time to time to change audit firms and not just the partner and that would be something that the Board might consider for this year. Mr. Bracher also reported that the audit firm recommended that the Board purchase a Dishonesty Bond. Mr. McCarty asked Mr. Bracher to bring a recommendation back to the Board on the Dishonesty Bond.

XIX. Other Business

Mr. McCarty asked if there were any other business to consider. Ms. Flaherty with Aetna noted that Mr. Wohlwend from Aetna had been a member of this board and recently retired and that she would like to submit a recommendation to have someone from Aetna be considered to replace Mr. Wohlwend.

XX. Adjourn

There being no further business the meeting was adjourned.

Kevin McCarty, Chairman

Date