

FLORIDA HEALTH CHOICES

BOARD OF DIRECTORS MEETING

March 23, 2012

CONSENT AGENDA

These items are considered routine and are enacted by one motion. There will be no separate discussion of these items unless removal of the item from the Consent Agenda is requested by a Board Member for full Board discussion. If such a request is made, the item will be pulled from the Consent Agenda and placed on the Regular Agenda. Board Members will receive the Consent Agenda in advance of each board meeting. Supporting documents for each items listed on the Consent Agenda are behind each reference tab number.

Consent Item (1)

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Approve Minutes of the Board of Directors Annual Meeting –January 23, 2012

Summary: The Board of Directors met on January 23rd, 2012 in Orlando, Florida for the corporation's annual meeting. Various corporate housekeeping was handled along with a closed session with general counsel to discuss the status of the Ceridian contract and the project.

FLORIDA HEALTH CHOICES, INC.

Annual Meeting of the Board of Directors

11:00 a.m. Wednesday, January 18, 2012

**Florida Health Choices
301 East Pine Street, Orlando, Florida**

MINUTES

Board Members Present:

Aaron Bean, Chairman
Sherri Meadows, Vice Chair
Walter Nason, Treasurer
Becky Cherney, Director
Steve Marin, Director
Durell Peaden, Director (via phone)
Elizabeth Dudek, Ex-Officio (via phone)
Cynthia Fuller, Ex-Officio (via phone)
Barbara Crosier, Ex-Officio (via phone)

Board Members Absent:

David Medvedeff
Theresa Welles

Others Present:

Jerry Ashford, Florida Comprehensive Health Association
Wilbur Brewton, Brewton Plante
Patrick Foggia, Ceridian
Manny Hernandez, Northhighland
Randy Kaedes, Ceridian
Kenneth Kunsman, Ceridian
Lauren McCarthy, Florida Health Choices
Rose Naff, Florida Health Choices
Scott Rainey, Northhighland
David Russell, Agent Steering Committee Chair
Jeff Sadler, National Assoc. of Insurance & Financial Advisors
Bart Valdez, Ceridian

Welcome & Introductions

Chair Aaron Bean welcomed everyone to the Annual Meeting of the Florida Health Choices Board of Directors. A court reporter was announced, and will be recording the meeting. Chair Bean welcomed

the newest member of the board of directors. Barbara Crosier will serve as an ex-officio member on behalf of the Florida Department of Management Services.

Consent Agenda

The consent agenda was presented with one change requested by Becky Cherney. Cherney would like to see the last name of Secretary Dudek to be corrected as it is spelled incorrectly in the minutes.

MOTION: Adopt the Consent Agenda with the corrected spelling of Secretary Dudek's name. Motion adopted without objection.

Treasurer's Report

Walter presented the standard financial reports, and informed the board that from the dollars budgeted for the 2011 fiscal year there was approximately \$180,000 unspent dollars. This brought the corporation's year well under budget.

Corporate Business

Chair Bean explained that at the annual meeting the board of directors would traditionally elect new officers, but with all members being eligible for appointment he suggested that until re-appointments and appointment of new members are complete the board hold off on officer election.

Third Party Administration Services

Rose Naff reviewed recent correspondence between the corporation and Ceridian. Ceridian has offered an accelerated plan to launch the program, but attached conditions to the plan. These conditions have been rejected by the board once already, and they were re-presented by Ceridian as conditions to the latest plan as well. At this time, Ceridian is about 60 days into the cure letter, and no resolution has been achieved.

The independent project officer, Scott Rainey, was asked to provide an opinion on the proposed accelerated plan and update the board on the status of the project from the Northhighland perspective. Rainey explained that there was significant risk to the project as well as the schedule. The project is more than 8 months behind schedule with no resolution. Northhighland agrees that there has been no answer or cure to the letter transmitted by Florida Health Choices to Ceridian, and there are issues and concerns around a lack of remedy for a cure. The independent project office reports no noticeable development since April or May of 2011.

MOTION: Steve Marin moves to delay closed session to time certain at 11:30. Motion is adopted without object.

Chair Bean wants to board to be comfortable with all of the information provided, and that everyone has all questions answered prior to moving to the closed session with the corporation's general counsel.

Bart Valdez of Ceridian was recognized to speak for Ceridian. Mr. Valdez informed the board that Ceridian has invested \$2.7 million in the project at this point, and that more focus is needed to nail down what is expected of them to deliver. Ceridian does acknowledge that the project will be released in phases, and they are very committed to the project. Valdez went on to explain that Ceridian has offered an accelerated plan to deliver the Small Group Pilot in the next 6 months free of high or medium security issues. Ceridian is also going to grant the programming hours, 3,000 hours, not utilized in 2011 to be used in 2012. In exchange for this plan Ceridian would like to see the clock stopped on the Notice to Cure, as well as Ceridian's responsibility to the Northhighland monthly invoice to be capped at \$8,000.

The board members were invited to share any comments or ask questions at this time, prior to going into the closed session with counsel. Becky Cherney pointed out to the board that time is not a friend of the corporation at this point. Sherri Meadows also commented that it does not seem like the board is hearing any new information, and that there is no apparent progress from Ceridian.

Randy Kader of Ceridian pointed out that there has been an 80 to 90 percent reduction in vulnerabilities since November, and that the system is compliant with State and Federal laws. Kader went on to explain that none of the vulnerabilities that exist today are accessible since the system is not live. All of the high security issues have been resolved, and there are 10 medium defects that still need to be addressed. Kader feels that this is on par with projects of this type.

Chair Bean asked what the Northhighland invoices are running monthly at this time, and Rainey answered that it is approximately \$20K to \$30K per month. Chair Bean went on to ask of Northhighland if a gradual step down in oversight was something they could entertain. Scott Rainey explained that for a project of this size Northhighland is already well below what would be recommended in oversight. Moving down to \$8,000 per month presents a challenge, and would create considerable risk for all parties. He pointed out that Ceridian is proposing a highly accelerated and risky plan with a simultaneous reduction in independent oversight.

Rose noted that what Ceridian is asking is not necessarily for reduced oversight, but for Florida Health Choices to cover all Northhighland expenses over \$8,000 per month.

Steve Marin asked for a specific date that a small employer could buy coverage from the program if the accelerated plan offered by Ceridian is successful. The answer provided was April 23, 2012.

Sherry Meadows asked how we can be assured that these same delays that we have been experiencing would not be issues as we moved forward with the accelerated plan. What is Ceridian promising now that hasn't already been promised before?

Becky Cherney asked Ceridian if they were bidding on projects in other states. Ken Kunsman of Ceridian explained that they were not bidding in other states, and that there were no other similar projects out there that Ceridian is working on. Becky followed up asking if they are experiencing a lot of employee turnover. Kunsman answered that they are increasing employees.

Cynthia Fuller pointed out that she has knowledge of Ceridian bidding on a project in Minnesota while Ken Kunsman just stated that they were not working with any other states. Bart Valdez responded that the project in Minnesota was broken into 22 modules with Ceridian bidding on two pieces. Ceridian is participating in the premium management and enrollment pieces which is business that they currently conduct. It will not be known until February if they will win that business.

The board moved to closed session.

Upon return from closed session, Durell Peaden, Chair of the Administration Committee, provided the board with an update on the most recent meeting of the committee. There are no changes proposed to the Florida Health Choices statute this legislative session. There are small technical changes to the By Laws and the Articles of Incorporation that the committee recommends the board adopt. The Code of Ethics will need to be reviewed and signed by each member of the board of directors and the employees of the corporation as this is an annual requirement.

MOTION: Adopt amendments to the By Laws and the Articles of Incorporation. Motion adopted without objection.

With no other business the meeting was adjourned.