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# Health Innovation Subcommittee

**Wednesday, January 21, 2015  
10:00 AM - 12:00 PM  
306 HOB**

**Steve Crisafulli  
Speaker**

**Kenneth Roberson  
Chair**

# Committee Meeting Notice

## HOUSE OF REPRESENTATIVES

### Health Innovation Subcommittee

**Start Date and Time:** Wednesday, January 21, 2015 10:00 am  
**End Date and Time:** Wednesday, January 21, 2015 12:00 pm  
**Location:** 306 HOB  
**Duration:** 2.00 hrs

Overview of the State Veterans' Nursing Home Program by the Florida Department of Veterans' Affairs

Overview of health insurance regulation by the Office of Insurance Regulation

**NOTICE FINALIZED on 01/14/2015 11:09 by Iseminger.Bobbye**





FLORIDA DEPARTMENT OF VETERANS' AFFAIRS

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*Honoring those who served U.S.*

## Health Innovation Subcommittee Presentation January 21, 2015

FDVA Overview & Informational Brief on State  
Veterans' Nursing Homes

# Agenda

- **FDVA Overview**
  - Mission and Vision
  - Who We Are
  - Why We Serve
- **State Homes Program**
  - Key Functions and Footprint
  - Homes Overview & Facility Information
  - Performance Measures & Ratings
  - Financials
  - SVNH #7 & Looking Ahead



# Veterans are Patriots Called to Serve

**"The willingness with which our young people are likely to serve in any war, no matter how justified, shall be directly proportional to how they perceive the Veterans of earlier wars were treated and appreciated by their nation."**



***- George Washington  
America's First Commander in Chief***

# Agency Mission and Vision

**Mission:** To advocate with purpose and passion for Florida veterans and link them to superior services, benefits and support.



**Vision:** FDVA is the premier point of entry for Florida veterans to access earned services, benefits and support.





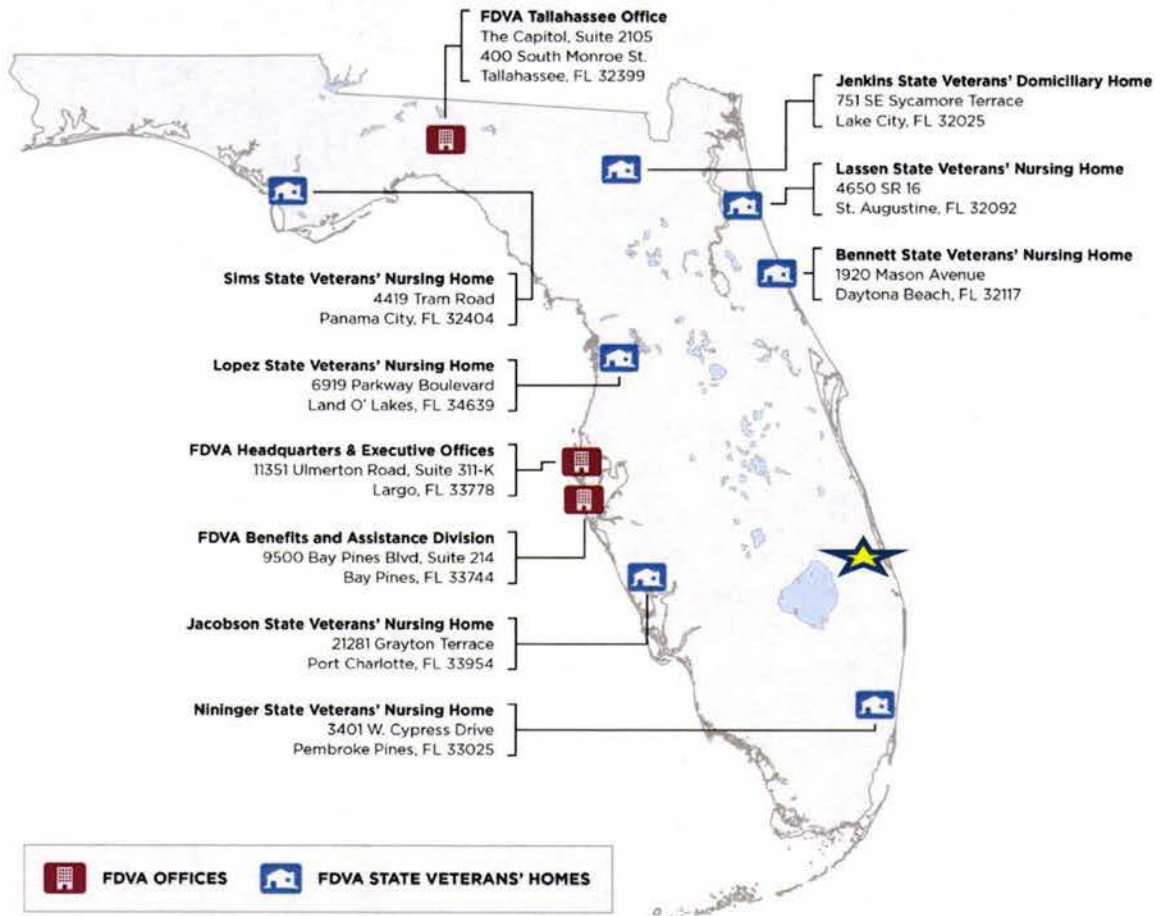
# Who We Are

**FDVA is a Cabinet Agency** responsible for assisting Florida's veterans, their families and survivors in improving their health and economic well-being through quality benefit information, advocacy, education and long-term health care.





# FDVA Footprint



# Why We Serve

- Florida has the **third largest population of veterans** in the nation after California and Texas with 1.5 million veterans – 12 percent of the population.
- Florida's **veterans are a major fiscal force** accounting for **\$15.7 billion dollars** that flow into the state economy annually.
- Florida's **veterans are a diverse group:**
  - Largest population of World War II veterans
  - More than 490,000 Vietnam veterans; 1 out of 4 vets
  - About 9 percent of Florida's veterans are female





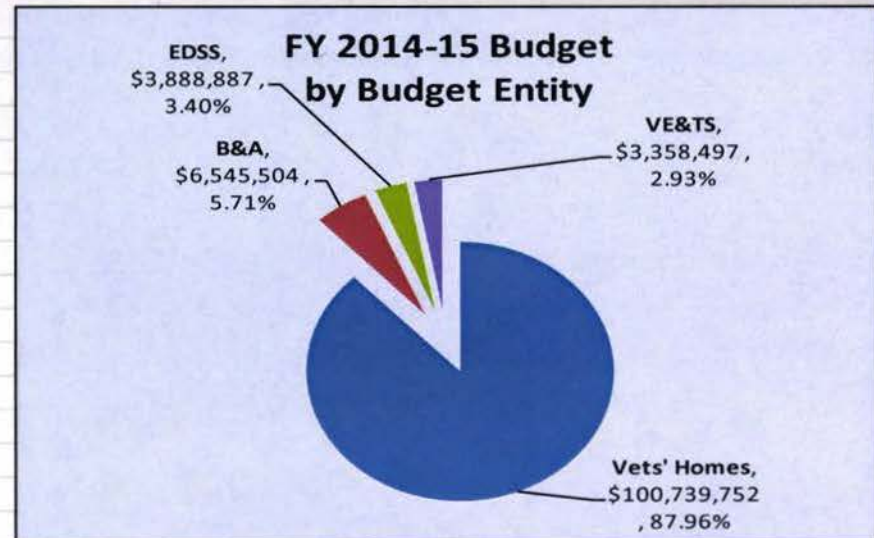
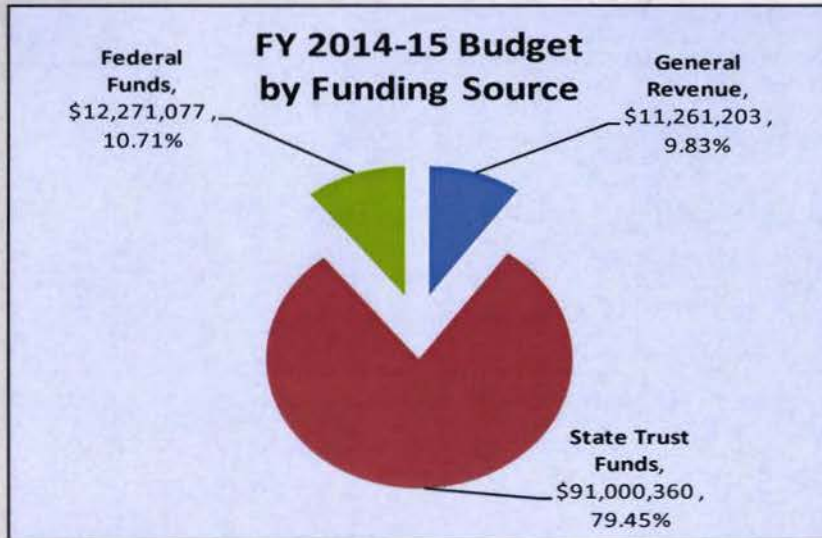
# Key Functions

- **FDVA** has two primary program areas:
  - Division of Veterans' Benefits and Assistance
  - State Veterans' Homes Program (Program)
- These programs and the services they provide depend on the significant leadership and support of the Division of Executive Direction / Support Services.
- The **Executive Director** of the department is appointed by the Governor with the approval of the Cabinet and subject to Senate confirmation.



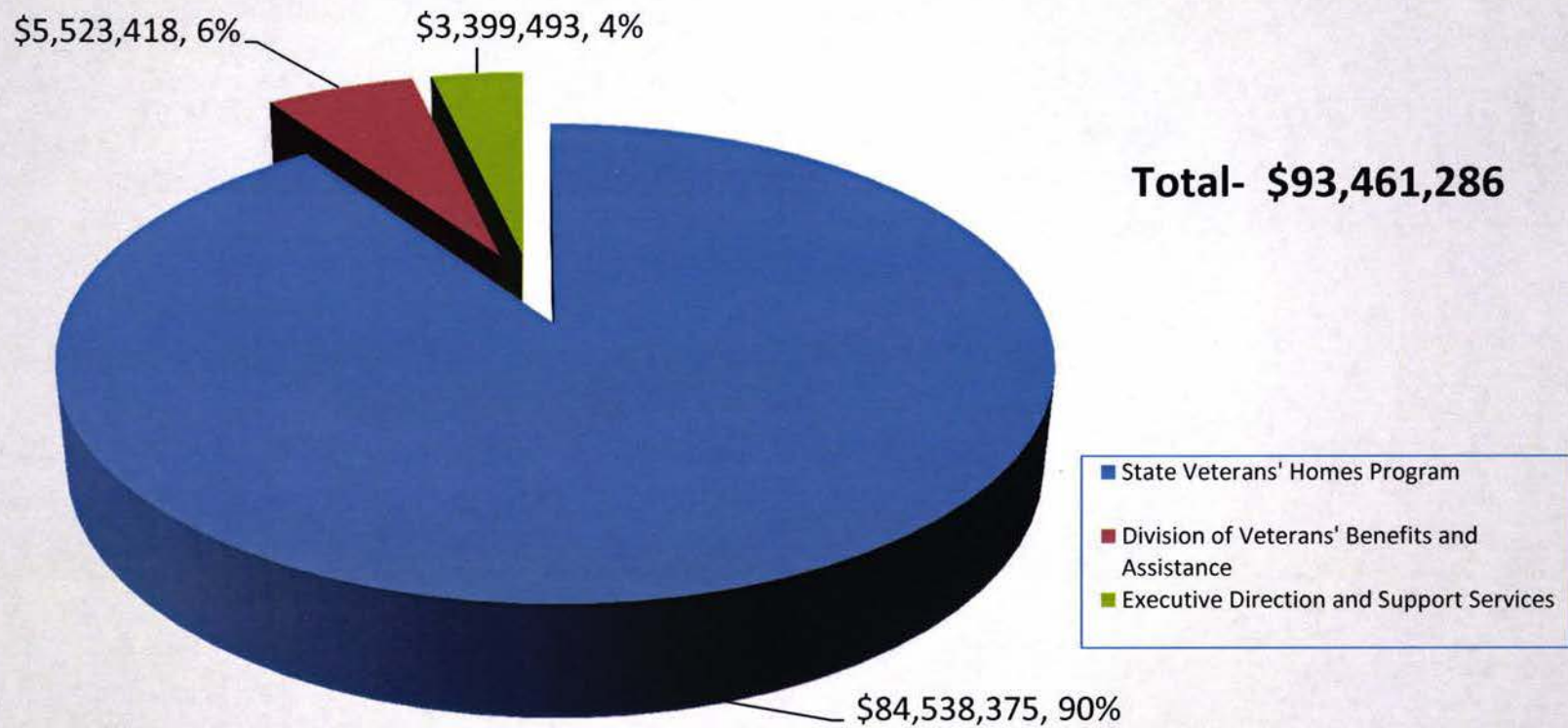


# FDVA Total Budget FY 2014-2015



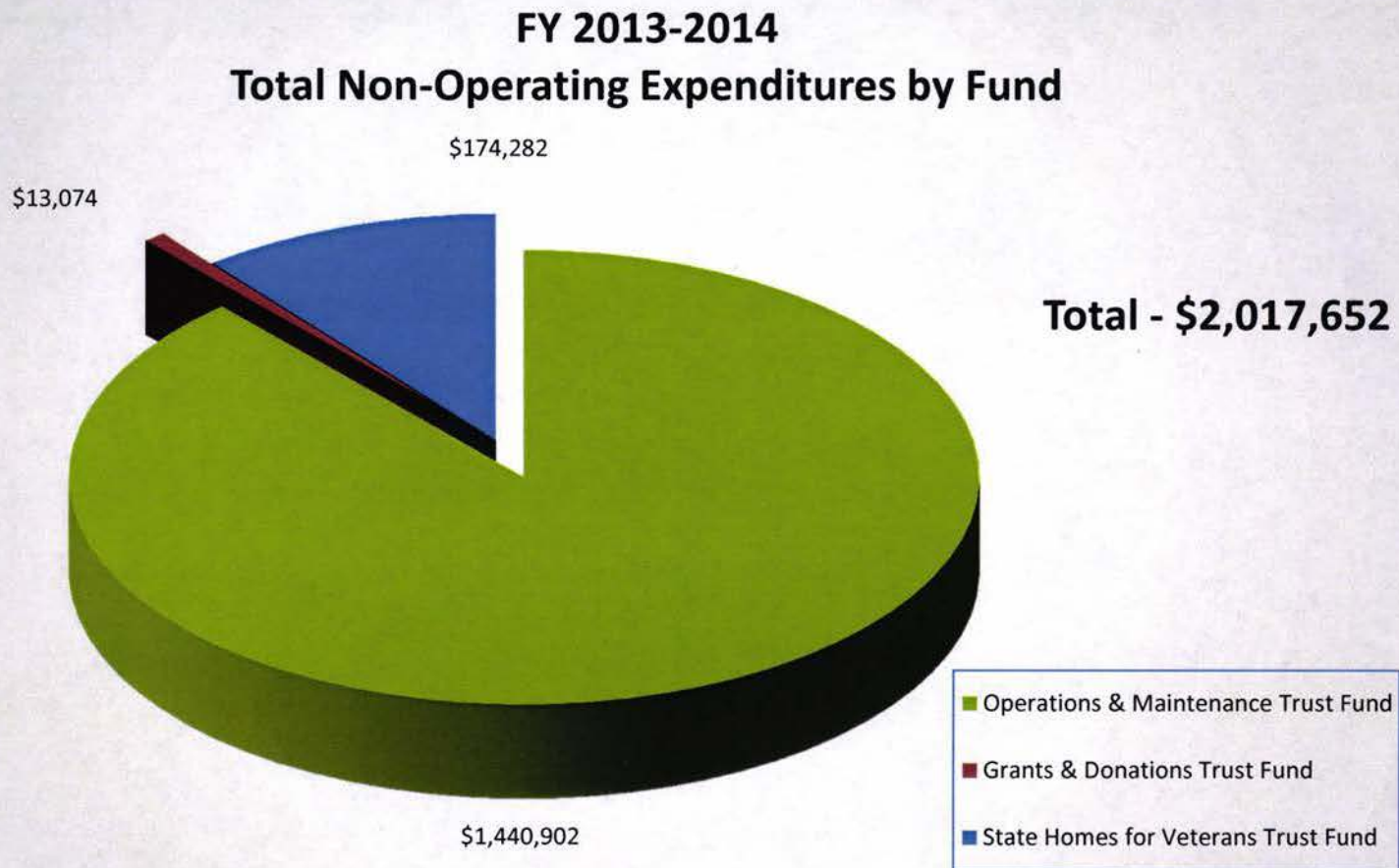
FDVA - FY 2014-15 Budget						
Budget Entity	General Revenue	Trust Funds		Total Trust Funds	Total All	FTE (Positions)
		State	Federal			
State Veterans' Homes Program (Vets' Homes)	\$ -	\$ 89,586,939	\$ 11,152,813	\$ 100,739,752	\$ 100,739,752	978.0
Division of Benefits and Assistance (B&A)	\$ 4,676,450	\$ 909,821	\$ 959,233	\$ 1,869,054	\$ 6,545,504	99.0
Executive Direction and Support Services (EDSS)	\$ 3,226,256	\$ 503,600	\$ 159,031	\$ 662,631	\$ 3,888,887	27.5
Veterans' Employment & Training Services (VE&TS)	\$ 3,358,497	\$ -	\$ -	\$ -	\$ 3,358,497	0.0
<b>Total All</b>	<b>\$ 11,261,203</b>	<b>\$ 91,000,360</b>	<b>\$ 12,271,077</b>	<b>\$ 103,271,437</b>	<b>\$ 114,532,640</b>	<b>1,104.5</b>
% of Total	9.8%	79.5%	10.7%	90.2%	100.0%	

# Total Expenditures by Budget Entity FY 2013-2014





# Total Non-Operating Expenditures by Fund FY 2013-2014





# State Veterans' Homes Program

**Mission:** Provide comprehensive, high-quality health care on a cost-effective basis to eligible veterans in need of either long-term skilled nursing care or assisted living services.

# State Veterans' Homes Program

**FDVA** operates six (6) State Veterans' Nursing Homes (skilled nursing facilities) and one (1) State Veterans' Domiciliary (assisted living facility).

- 870 beds:
  - 120 beds/each SVNH = 720 beds
  - 150-bed Domiciliary
- Average occupancy:
  - SVNH – greater than 99% during the last years.
  - Domiciliary – Current up to 97%, from 90% last year.





# State Veterans' Homes Program

- Basic admission requirements for all state veterans' homes in Florida include:
  - Honorable discharge.
  - Residency established prior to admission.
  - Certification of need for assisted living or skilled nursing care as determined by a federal VA physician.





# State Veterans' Homes Program

## State & Federal Trust Funds used to operate the Program

- 1. Operations & Maintenance Trust Fund:** Main source of funding for the homes.
- 2. Grants and Donations Trust Fund:** Revenue generated from first \$100,000 in license plate sales goes to benefit the home and its residents.
- 3. State Homes for Veterans Trust Fund:** Annual use fees from the "Florida Salutes Veterans" and other plates supports operations, maintenance and home construction.
- 4. Federal Grants Trust Fund:** Cost shared between U.S. Department of Veterans Affairs at 65% and the state at 35%. Funds new home construction.

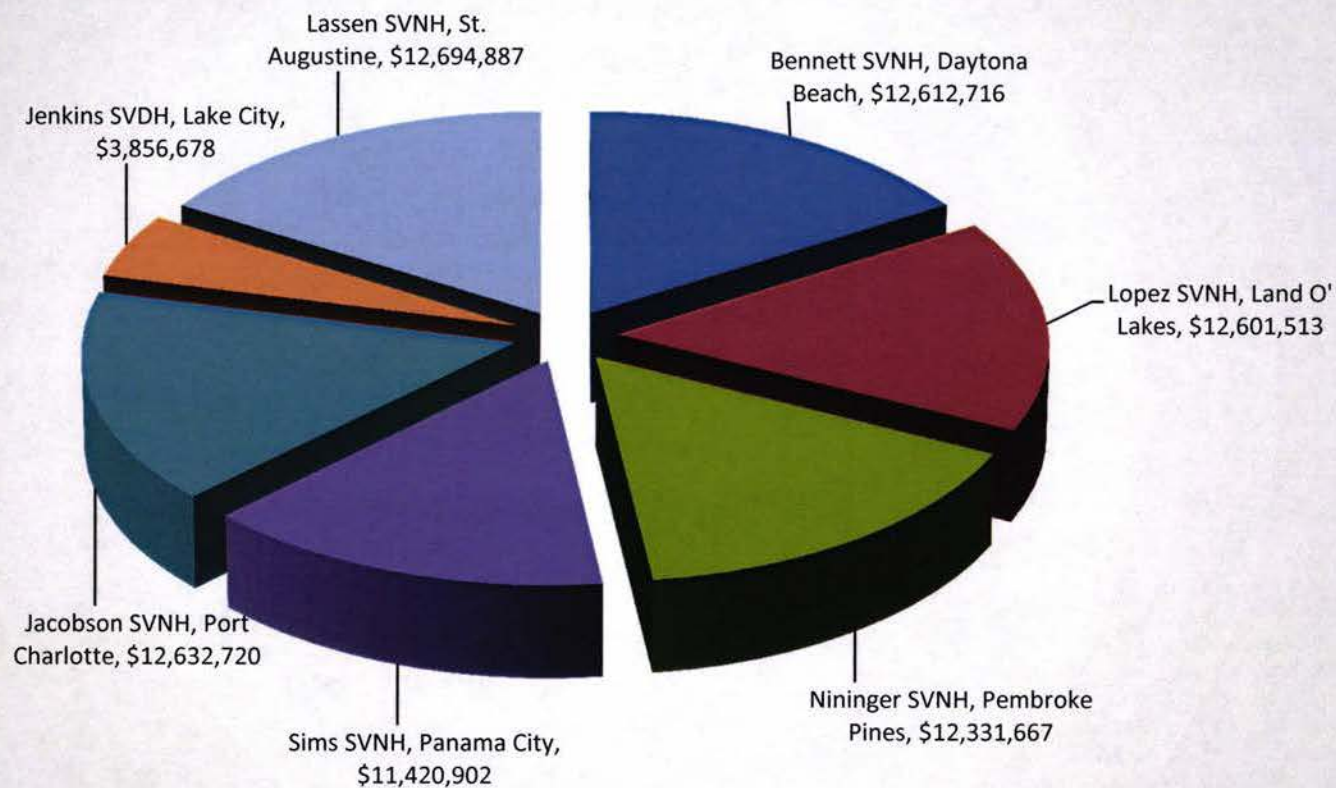
# Supporting the Homes

- Purchase of the Florida Salutes Veterans or Army, Navy, Air Force or Coast Guard license plates helps fund the homes.

	FY 2013-14
Grants & Donations Trust Fund	\$100,000
State Homes for Veterans Trust Fund	\$1,987,743
<b>Total</b>	<b>\$2,087,743</b>



# Total Revenues by State Veterans' Home FY 2013-2014



# FDVA Home Requirements

- Recognized by the U.S. Dept. of Veterans' Affairs (USDVA) to operate as State Veterans' Homes.
- Licensed by the Agency for Health Care Administration to operate as Nursing Homes.
- Certified by Centers for Medicare and Medicaid (CMS) as Skilled Nursing Facilities to accept Medicare and Medicaid.



# Alexander Ninger Five Star Nursing Home

*Pembroke Pines (Broward County), opened in 2001.*

*This 83,896-square-foot, 120-bed facility is located on 15.66 acres and has 60 of its 120 beds designated specifically for Residents with Dementia /Alzheimer's*





# Douglas T. Jacobson

## Five Star Nursing Home

*Port Charlotte (Charlotte County), opened in 2004.*

*This 78,098 square-foot, 120-bed facility is located on 15.6 acres and has 60 of its 120 beds designated specifically for Residents with Dementia /Alzheimer's*





# Clyde C. Lassen

## Five Star Nursing Home

### Gold LEED Certified

*St. Augustine (St. Johns County), opened in September 2010.*

*This 95,508-square-foot, 120-bed facility is located on 15.7 acres and has 60 of its 120 beds designated specifically for Residents with Dementia/Alzheimer's. It is also the first nursing home in Florida to be a LEED-certified green facility.*



# Emory L. Bennett

*Daytona Beach (Volusia County), opened in 1993.*

*This 77,123 square-foot, 120-bed facility is located on 30 acres and provides skilled nursing home care.*





# Baldomero Lopez

## Five Star Nursing Home

*Land O' Lakes (Pasco County), opened in 1999.*

*This 73,000 square-foot, 120-bed facility is located on 12 acres and has 60 of its 120 beds designated specifically for Residents with Dementia /Alzheimer's*





# Clifford C. Sims

## Five Star Nursing Home

### Gold Seal

*Springfield (Bay County), opened in 2003.*

*This 73,714 square-foot, 12- bed facility is located on 15.7 acres and has designated 60 of its 120 beds designated specifically for Residents with Dementia /Alzheimer's.*

*Received the Gold Seal Award which recognizes nursing homes that demonstrate the highest standards of quality of life and care for their residents. The Gold Seal Award is effective through June 30<sup>th</sup>, 2016.*





# Robert H. Jenkins Jr. Veterans' Domiciliary

*Lake City (Columbia County), opened in 1990.  
1<sup>st</sup> Florida State Veterans' Home*

*This 70,648 square-foot, 150 bed facility is licensed as an Assisted Living  
Facility with Extended Congregate Care*



# FDVA Homes Performance Measures

**MEASURE: Provide quality skilled nursing and assisted living care services to eligible veterans.**

	2012-13 Actual	2013-14 Standard	2013-14 Actual
Occupancy rate for homes in operation 2 years or longer.	97%	90%	97.8%
Percentage of state veterans' homes in compliance with quality of care health care regulations.	100%	100%	100%



# Five Star Rating

The federal *Five Star Quality Rating System* for nursing homes is an online tool developed by the Centers for Medicare & Medicaid Services (CMS) that offers information about the quality of care in the nearly 16,000 nursing homes that participate in Medicare or Medicaid. Ratings are provided to the public through the CMS *Nursing Home Compare* website ([www.medicare.gov/nursinghomecompare](http://www.medicare.gov/nursinghomecompare))

## **Five Star Rating Information (Based off CMS's Quality Measures)**

- *Onsite inspection during the most recent three years by surveyors from state public health departments and CMS.*
- *Quality measures that rate each home compared to fixed benchmarks for categories such as prevalence of pressure ulcers, use of restraints, and injurious falls.*
- *Self-reported data on staffing levels.*

# Five Star Rating

- The **Top 10%** of facilities (lowest 10% in terms of health inspection deficiency score) in each state receives a **Five Star** rating.
- The **Middle 70%** of facilities receives a rating of two, three or four stars, with an equal number in each category.
- The **Bottom 20%** of facilities in each state receives **One Star**.



# Federal Funding & Needs Overview

- The Veterans' Domiciliary Home and State Veterans' Nursing Homes operated by this department apply for and receive federal funds from the USDVA for per diem as well as construction and renovation grants.
- The Program has 870 beds
- Florida overall has 82,227 nursing home beds
- Veteran population over 65 years is estimated at 729,000

# USDVA Grant for Home #7

- Federal Grant Identifier # 12-020 (SVNH #7) –  
Provides additional funds toward construction of a seventh skilled nursing facility in St. Lucie County.
- Project began in FY 2014-15 with \$11 million for the initial phases of the project.
- Currently working with USDVA on design.



# Looking Ahead

- FDVA has requested General Revenue funds in Fiscal Year 15-16 for the 8<sup>th</sup> Program nursing home.
- FDVA has applied and received approval for matching funds from the USDVA, contingent on receiving state funds.



FLORIDA DEPARTMENT OF VETERANS' AFFAIRS

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*Honoring those who served U.S.*

**COLONEL MIKE PRENDERGAST, USA, RETIRED**  
**EXECUTIVE DIRECTOR**

**[www.FloridaVets.org](http://www.FloridaVets.org)**



**Office of  
Insurance Regulation**

FLORIDA OFFICE OF  
INSURANCE REGULATION

KEVIN M. McCARTY  
*Insurance Commissioner*



# Health Insurance Regulatory Responsibilities of the Office of Insurance Regulation

Health Innovation Subcommittee  
Florida House of Representatives

January 21, 2015

Rich Robleto, Deputy Commissioner of Life & Health



FLORIDA OFFICE OF  
INSURANCE REGULATION



# Office Mission

“Promote a stable and competitive insurance market for consumers.”



# Office Goals

- Promote markets with products providing fair coverage at adequate prices
- Protect public from illegal/unethical acts and practices
- Monitor/address insurer financial issues
- Operate efficiently and transparently





# **Health Insurance Regulatory Framework**

## **Statutory Authority**

### **Chapter 20, Florida Statutes - Organizational Structure:**

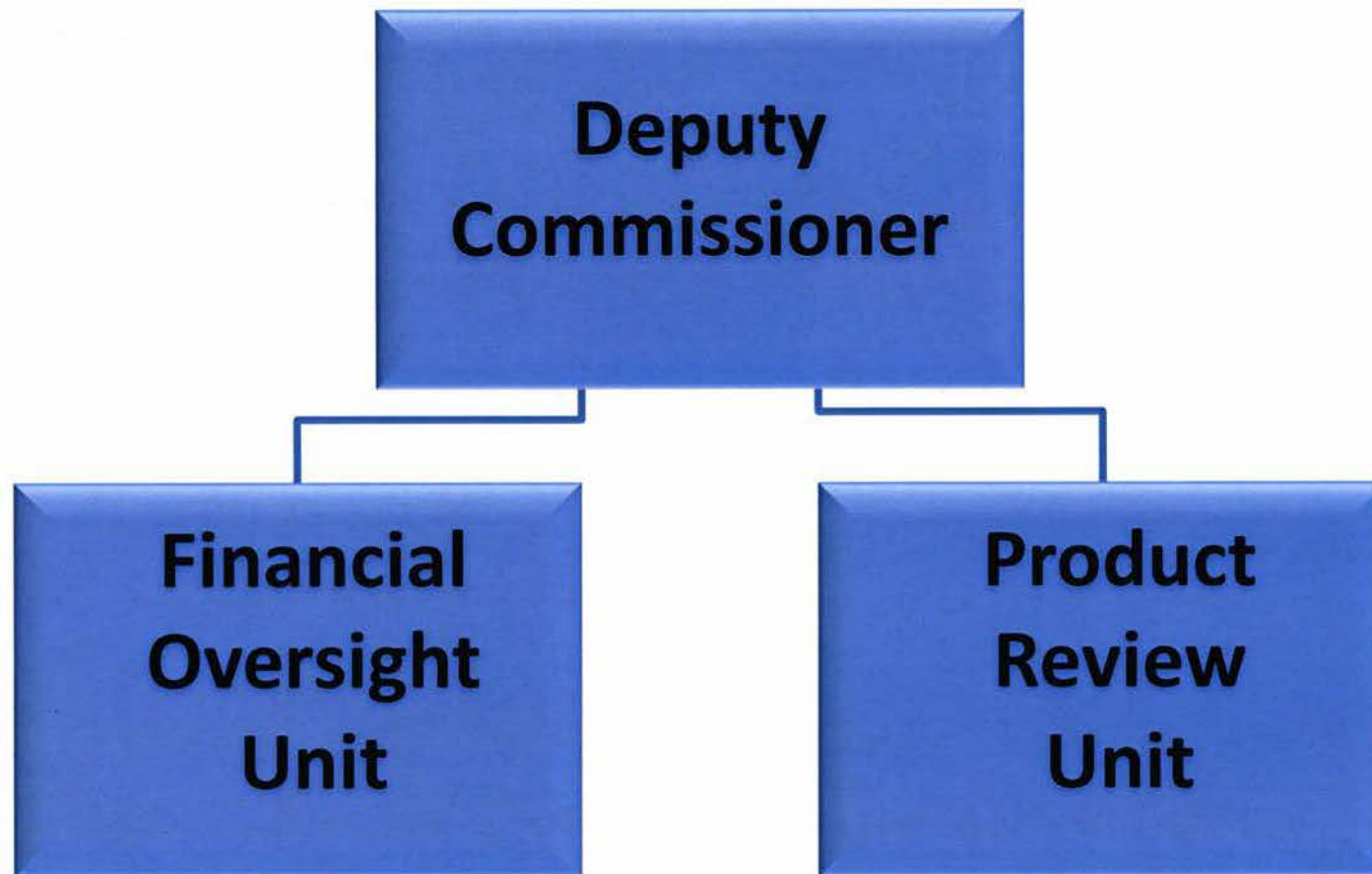
- Ch 20.121 – Financial Services Commission Authority

### **Chapters 624 – 651, Florida Statutes - Insurance Code:**

- Ch 624.307 – OIR and DFS General Powers
- Ch 624.401 – Licensing
- Ch 624.410 – Form and Rate Filing
- Ch 624.424 – Financial Reporting



# Life & Health Regulatory Structure





# Florida Health Insurance Market: Products

- Major Medical
- Other Pre-Paid Health Services
- Accident and Sickness
- Dental/Vision
- Disability Income
- Excess/Stop Loss
- Long-Term Care
- Medicare Supplement
- Other



# Florida Health Insurance Market

Regulated Entities (Authority Category)	Authorities
Health Insurers	448
Third Party Administrators	310
Continuing Care Retirement Communities	61
Discount Medical Plan Organizations	40
Health Maintenance Organizations	38
Fraternal Benefit Societies	36
Prepaid Limited Health Service Organizations/Prepaid Health Clinics	28

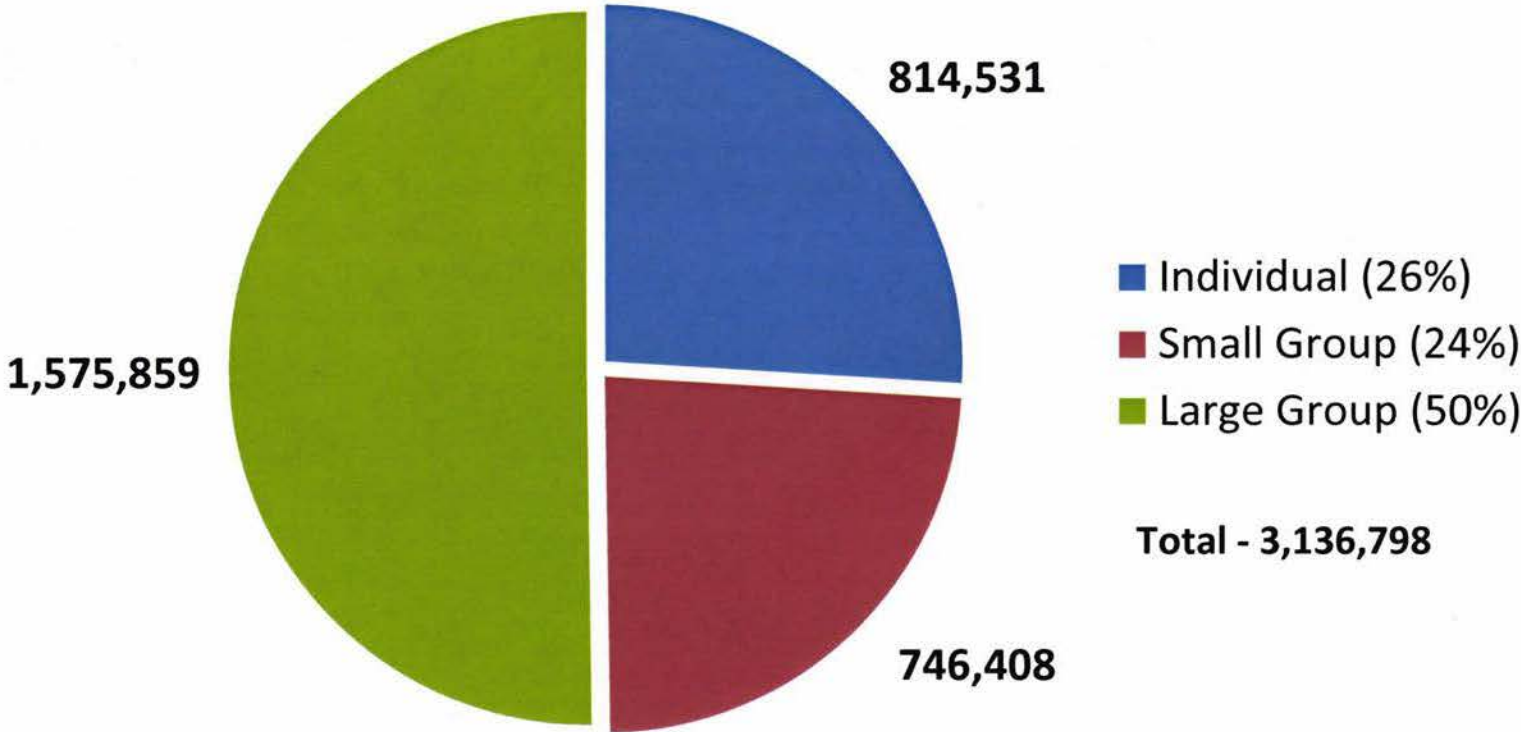
Source: Data used in CY 2013 NAIC Insurance Department Resources Report (compiled on 3/21/2014)





# Florida Health Insurance Market

## Major Medical Total Covered Lives 2013



Source: Florida Office of Insurance Regulation CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report



# Florida Health Insurance Market

## Major Medical Covered Lives: Individual Market

Market Segment	Covered Lives
<b>Individual</b>	
Individually Underwritten	795,593
Conversion	11,313
Guarantee Issue	7,625
<b>Total</b>	<b>814,531</b>

Source: Florida Office of Insurance Regulation CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report





# Florida Health Insurance Market

## Major Medical Covered Lives: Group Market

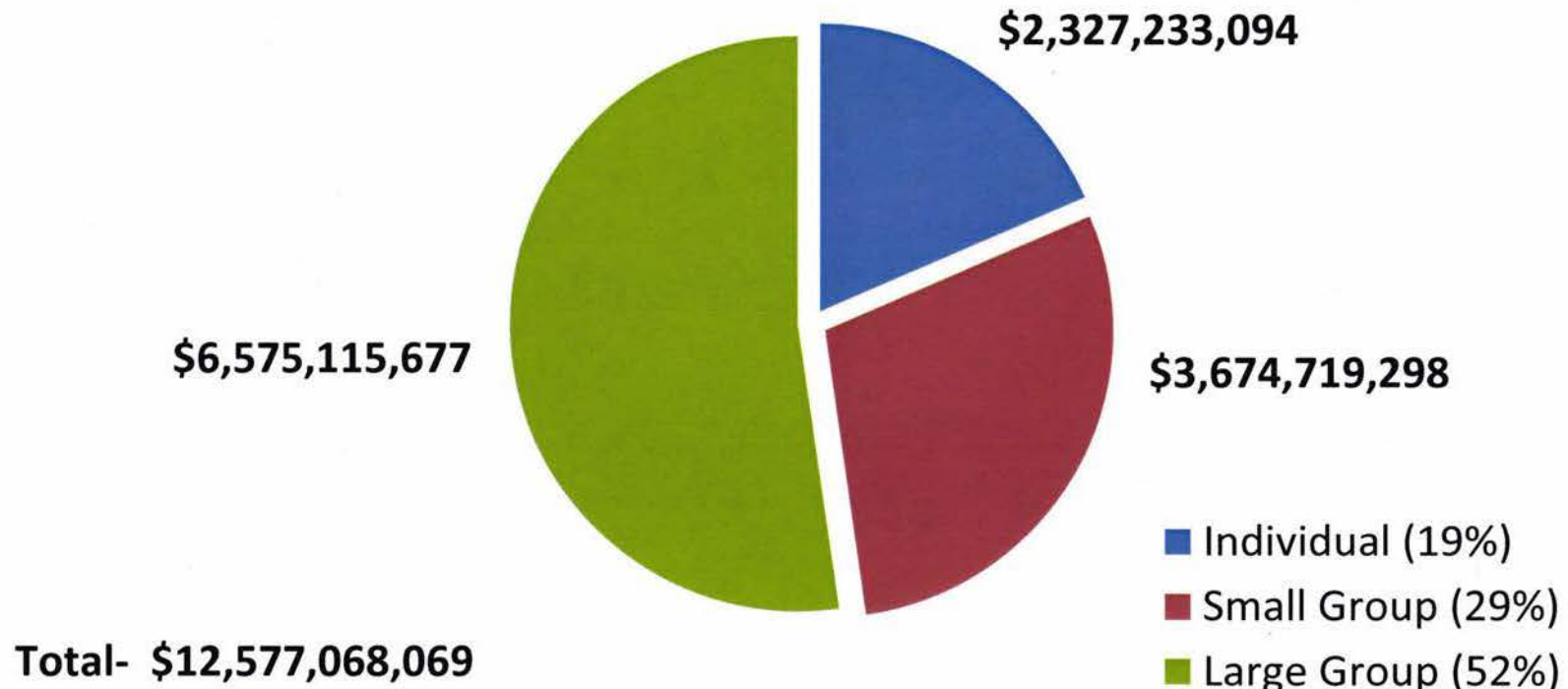
Market Segment	Total Groups	Covered Lives
<b>Small Group</b>		
Self-Employed/Sole Proprietor	6,902	10,956
2-50 Member Group	79,776	735,452
<b>Total</b>	<b>86,678</b>	<b>746,408</b>
<b>Large Group</b>		
51-100 Member Group	6,892	262,980
>100 Member Group	12,429	1,312,879
<b>Total</b>	<b>19,321</b>	<b>1,575,859</b>

Source: Florida Office of Insurance Regulation CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report



# Florida Health Insurance Market

## Major Medical Direct Earned Premium 2013



Source: Florida Office of Insurance Regulation CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report





# Florida Health Insurance Market

## Major Medical Premium & Loss Ratio

### Individual Market

Market Segment	Earned Premium	Loss Ratio
<b>Individual</b>		
Individually Underwritten	\$2,150,210,044	74.5%
Conversion	\$113,604,552	144.3%
Guarantee Issue	\$63,418,498	103.7%

Source: Florida Office of Insurance Regulation CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report



# Florida Health Insurance Market

## Major Medical Premium & Loss Ratio

### Group Market

Market Segment	Earned Premium	Loss Ratio
<b>Small Group</b>		
Self-Employed/Sole Proprietor	\$90,869,693	141.9%
2-50 Member Group	\$3,583,849,605	77.0%
<b>Large Group</b>		
51-100 Member Group	\$1,122,851,926	81.2%
101+ Member Group	\$5,452,263,751	83.1%

Source: Florida Office of Insurance Regulation CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report





# Florida Health Insurance Market Concentration

## Total Accident and Health (CY 2013)

### Market Share:

- Top Writer 22.9%
- Top 5 Writers 50.8%
- Top 10 Writers 64.2%

### Herfindahl-Hirschmann Index:

- 846 (Competitive)

**Number of Companies: 396**

Source: Data used in the Florida Office of Insurance Regulation's CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report



# Florida Health Insurance Market Concentration

## Major Medical Only (CY 2013)

### Market Share:

- Top Writer 30.8%
- Top 5 Writers 64.1%
- Top 10 Writers 82.0%

### Herfindahl-Hirschmann Index:

- 1354 (Moderately concentrated)

**Number of Companies: 117**

Source: Data used in the Florida Office of Insurance Regulation's CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report





# Life & Health Financial Oversight: Primary Duties

- Review license applications
- Review expansions into additional lines
- Monitor financial solvency
- Identify/address financial issues/trends
- Inter-state coordination



# Life & Health Financial Oversight: Filings

- Monthly, quarterly, and annual financial statements
- Audited financial statements
- Actuarial certifications





# Life & Health Financial Oversight: Reviews

## Types of Review:

- Financial Analysis (“desk review”)
- Financial Examination (“on-site review”)

## Scope/Process:

- Confirm assets and liabilities
- Interview corporate level officers
- Review internal control process
- Identify risks regarding business plan



# Life & Health Financial Oversight: Financial Examinations

**Location:** “On-site”

**Frequency:** At least once every five years

**Timeframe:** Up to 18 months

**Period Covered:** Preceding five fiscal years

**Number Completed:** 31 (2014)





# Life & Health Financial Oversight: Financial Analysis

**Location:** OIR (“desk” reviews)

**Frequency:** Every quarter

**Timeframe:** Based on priority level

**Period Covered:** Period covered by statement

**Number Completed:** 2,776 (2014)



# Life & Health Financial Oversight: Financially Troubled Companies

- Increase review priority
- Monthly reporting
- Corrective action plan
- Increase insolvency deposit
- Target exam
- Multistate coordination
- Administrative supervision
- Suspend or revoke license



# Life & Health Financial Oversight: Additional Reviews

- Dividend distributions
- Acquisitions or mergers
- New officers, directors or shareholders
- Service agreements and amendments





# Life & Health Product Review: Primary Duties

- Review rates
- Review forms



# Life & Health Product Review: Rate Review

## Florida is a “Prior Approval” State

- Approval required prior to use
- Small group and individual policies only
- Actuarial review of rates
- Compliance with Florida statutes/rules
- Rating factors
- Analysis factors



# Life & Health Product Review: Form Review

## Florida is a “Prior Approval” State

- Approval required prior to use
- All policy forms subject to prior approval
- Compliance with Florida statutes/rules





# Life & Health Product Review: 2014 Filings Processed

	Forms	Rates
<b>Total Filings</b>	<b>4,090</b>	<b>1,875</b>
Lowest Monthly Count	(Nov) 292	(Nov) 107
Highest Monthly Count	(Jan) 399	(Apr) 185

Source: Data compiled from the Financial Services Commission  
2014 Calendar Year - In Review Report



# Questions?

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