



2008 Annual Report

HEALTH INSURANCE RISK-SHARING PLAN AUTHORITY 2008 ANNUAL REPORT TABLE OF CONTENTS

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Executive Summary

The Health Insurance Risk-Sharing Plan (HIRSP) continues to serve as an important safety net for individuals who have been denied health insurance coverage because of their medical status, or more recently, who have lost their employer-sponsored insurance. 2008 marked the second full year of administration of HIRSP under the HIRSP Authority. In 2008, the HIRSP Authority Board of Directors (A Board roster can be found in Appendix 1) focused on improving the value of its administrative and care management functions and contracts. This was accomplished by conducting three competitive procurements for actuarial, pharmacy benefit management and chronic care management services. The three new contracts that resulted from the procurements are expected to produce significant plan savings and improved care for our policyholders.

In 2008, HIRSP also witnessed the benefits of a number of changes implemented as of January 1, 2008, including:

- High levels of enrollment in the two new HIRSP plan options.
- Increased generic utilization resulting from better benefit design incentives.
- Reduction in plan costs due to improved provider payment methodology.
- Fewer grievances and appeals related to medical necessity because of new prior authorization requirements.
- Better support of community-based mental health treatment.
- Improved customer service from Consumer Advisory Council feedback.

The HIRSP Authority implemented several plan changes in 2008 directed toward improving access to quality, affordable healthcare for HIRSP policyholders and improving the cost-effectiveness of HIRSP.

- Waiving the six-month pre-existing condition waiting period for applicants coming to HIRSP within 45 days of losing Medicare or Medicaid coverage.
- Waiving the six-month pre-existing waiting period for drug coverage, except for drugs covered under a state and/or federally funded program.
- Expanding the low income subsidy program from \$25,000 to \$33,000 of household income, effective January 1, 2009.

These 2008 initiatives were implemented after review of the HIRSP Consumer Committee and Consumer Advisory Council. The Advisory Council consists of ten current HIRSP policyholders and provided valuable feedback on program improvements

throughout the year. The Advisory Council also reviewed most mailings sent to HIRSP policyholders for content, design and frequency to improve their effectiveness.

As a result of these and previous plan improvements and cost management strategies, the HIRSP Authority Board of Directors was pleased to end the year by authorizing almost \$12 million in policyholder premium refunds to be paid in the first quarter of 2009.

Below are key facts and figures for 2008 and considerations for the future.

Key Facts and Figures

Enrollment

- Total HIRSP Policyholders as of December 2008: 16,284
- December 2008 enrollment represents a 5% decrease over December 2007 primarily due to the movement of 512 children to BadgerCare Plus in the first quarter of 2008.
- Based on 2007 commercial market data, HIRSP is the second largest individual insurer in Wisconsin in terms of covered lives.

Total Operating Revenue

- Premiums: \$89,191,448
 - Insurer Assessments: \$39,291,498
 - Provider Contributions: \$39,942,538
- \$168,425,484**

Total Operating Expenses

- Medical Losses \$118,108,599
 - Pharmacy Losses \$32,882,133
 - Administration \$6,476,954
 - Referral Fees & LAE \$62,855
- \$157,530,571**

Benefit Plans

- Largest enrollment at year-end was in the \$2,500 deductible plan.
- The fastest growing plans in 2008 were the \$5,000 deductible plan, which had a 36% increase in enrollment over the year, and the HSA plan which had December enrollment of almost three times its January enrollment.
- 94% of total enrollment was in the non-Medicare plans; 6% in the Medicare Supplement plan.

- 60% of new enrollees were eligible due to loss of employer-sponsored coverage and were not subject to a pre-existing condition waiting period.
- 19% of policyholders were subsidized in 2008.

Top Diagnosis and Disease Categories

- Top diagnoses by medical claim costs were diseases and disorders of the musculoskeletal system and connective tissue, representing 18% of all medical claims. Disorders of the circulatory system represented the next highest cost at 15% of total claims.
- The top two therapeutic classes for pharmacy claim costs were antiviral and anti-diabetic drugs at almost \$3.4 million for each class.
- These two classes of drugs represented almost 20% of paid pharmacy claims.

Medical Utilization

- Similar to recent years, 73% of policyholders did not meet their medical deductible in 2008.
- HIRSP paid out less than \$10,000 in benefits for 83% of HIRSP policyholders.
- 382 individual policyholders each had over \$50,000 in paid medical claims.
- The largest individual paid claim was \$175,007 for a heart transplant.
- Average per member per month (PMPM) claims expense was reduced from 2007 by \$20 to \$401 PMPM.

Prescription Drug Utilization

- Prescription drug spending through the pharmacy benefit represented 32% of all claim costs.
- Injectable drugs paid through the medical benefit represented another 5% of paid claims in 2008.
- Average pharmacy claims PMPM (net of rebates) were reduced from 2007 by \$19 to \$163 PMPM.
- Generic utilization increased to 66% for the year.

Future Considerations

In 2009, the HIRSP Authority has several projects planned including a comprehensive review of the HIRSP benefit design to ensure that it stays current with evidence based-practices, serves the needs of HIRSP policyholders and is comparable to the

commercial individual market. HIRSP will also implement a new pharmacy initiative in early 2009 designed to encourage even greater generic utilization where appropriate. Toward the end of the year, the Authority will also be evaluating the HIRSP diabetes pilot project and will consider additional chronic care support for other health conditions.

Financial Reports

Financial Summary

The HIRSP Authority financial condition remained stable in 2008. Total retained equity decreased to \$35.4 million as of December 31, 2008. Policyholder fund equity decreased by \$8.7 million and equaled \$15.9 million primarily due to the policyholder premium refund described below. Provider fund equity increased by \$4.8 million and equaled \$9.6 million; and insurer fund equity increased by \$4.2 million and equaled \$10 million, as of December 31, 2008.

Total assets increased \$5.7 million or 8.4% during 2008 to \$73.8 million as of December 31, 2008. Cash assets increased \$5.9 million compared to December 2007, a 9% increase. Other receivable assets increased \$303,378 relative to December 2007. Drug rebate receivables decreased \$567,325.

Total liabilities increased by \$5.4 million compared to December 31, 2007, increasing 16.2% from the prior year. Year-to-date aggregate liabilities for unpaid medical and drug claims were \$12.2 million, decreased by \$4.3 million or 26% compared to 2007 year-to-date aggregate claim liabilities. Year to date changes in liabilities included a \$2.4 million decrease in unearned premium.

For the twelve months ended December 31, 2008, total net income was \$343,422 compared to \$6.8 million for calendar year 2007. Year-to-date 2008 changes in income and expense include decreases in premium revenues, total medical losses, total pharmacy losses, administrative expenses, and non-operating revenues.

December 2008 year-to-date total operating revenue of \$168.4 million decreased from 2007 by \$8.3 million or 4.7%. Net premium revenue of \$89.2 million year-to-date through December 2008 decreased by \$11.6 million or 11.5% compared to 2007 year-to-date, primarily due to decreased HIRSP membership, enrollment changes in the HIRSP benefit plans, changes to the plans offered and new rates.

Incurred medical loss expense for the twelve months ended December 31, 2008 was \$118.1 million, decreased by 10.2% from incurred medical losses in the twelve months ended December 31, 2007. Paid and approved medical losses decreased to \$122.8 million, a decrease of \$6.6 million or 5.1% compared to December 2007.

Estimated liabilities for unpaid medical losses decreased by \$3.8 million from December 2007 through December 2008. Estimated loss reserves were reduced in 2008 to correct for prior overstatement of estimated medical losses and to adjust for changes in expected loss experience due to the introduction of higher deductible benefit plans in 2008. The decrease in loss reserve liability flows through revenues and expenses in the income statement, and results in decreased incurred medical loss expense, decreased total operating expense, and increased reported net income. The 2008 year-to-date change in loss reserves resulted in a \$5.3 million decrease in incurred medical

loss expense through December 2008. Absent the 2008 change in loss reserve liabilities, the year-to-date reported net income of \$12.3 million would have been \$3.8 million less, and would otherwise have been \$8.5 million as of December 2008.

Incurred pharmacy loss expense year-to-date in 2008 was \$32.9 million, reflecting a 2008 decrease of \$4.4 million or 11.8% compared to December 2007 year-to-date total pharmacy loss expense. Aggregate incurred medical and pharmacy loss expense for the twelve months of 2008 was \$151.0 million, decreased by \$17.8 million or 10.5% compared to aggregate medical and pharmacy loss expense of \$168.8 million for the twelve months of 2007.

Total administrative expenses and referral fees of \$6.5 million for the twelve months of 2008 decreased by 0.8% compared to the same period in 2007.

Investment income for the twelve months ended December 31, 2008 was \$1.3 million, decreased by \$1.9 million or 58.5% compared to the same period in 2007. The decreased investment income is due to decreased interest rate yield on cash deposits in 2008. Year-to-date 2008 total non-operating revenues are comprised of interest income and policyholder distributions, and decreased \$15.9 million compared to year-to-date 2007. The decrease in non-operating revenue is attributable to an approved distribution of policyholder surplus.

At its December 21, 2008 meeting, the HIRSP Board of Directors authorized \$11.9 million dollars to be refunded to policyholders in the first quarter of 2009. This surplus had accumulated over a period of years when premium collections exceeded the necessary 60% policyholder share of HIRSP costs.

In 2008, the HIRSP Authority also received an unqualified audit opinion for its first financial audit conducted by the Legislative Audit Bureau for the period July 1, 2006 through December 31, 2007.

Funding Sources

In addition to the detailed financial data presented in the report, the following table provides a high level overview of total HIRSP costs, average per member per month costs and average HIRSP premium over the last five years. Premiums in effect as of April 1, 2008 are included in Appendix 2.

	CY 2004	CY 2005	CY 2006	CY 2007	CY 2008
Avg. number HIRSP policyholders	18,246	18,906	18,545	17,582	16,374
Total plan costs ¹	\$158,395,446	\$174,510,305	\$173,008,618	\$175,930,418	\$161,769,869
Avg. cost per HIRSP policy	\$8,681	\$9,230	\$9,329	\$10,006	\$9,880
Total avg. annual premium per HIRSP policyholder	N/A	\$5,309	\$5,683	\$5,904	\$5,593
Avg. policyholder premium as percent of avg. policyholder costs	N/A	N/A	N/A	59.0%	56.6%

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¹ "Total plan costs" represents total net losses, administrative expenses and all subsidies less non-operating revenue, such as interest income

	CY 2007	CY 2008	Percent Change
Net Claims (in millions)	\$126.5	\$111.0	-12.3%
Gross Claims (in millions)	\$168.8	\$151.0	-10.5%

Net claims are total losses net provider contribution. Gross claims including provider contribution.

Claims to Premium Loss Ratios

The target loss ratio for HIRSP is 166.7%, which represents the statutory HIRSP funding formula of policyholder premium funding totaling 60% of plan incurred losses. The loss ratio for 2008 was just over 161%, which resulted in an increase in retained equity for policyholders as discussed in the financial summary.

As the table also illustrates, HIRSP premium rates for HIRSP 1,000 are currently too low to adequately fund the plan's incurred claims, and premium rates for the remaining plans are too high relative to the plan's incurred claims. In effect, the premiums paid by the HIRSP 2,500, HSA, 5,000 and Medicare Supplement participants have been subsidizing the adverse loss experience in HIRSP 1,000.

For 2009, premium rates were adjusted, similar to 2008, with the hope of achieving better equity between the HIRSP plans. The goal is to have loss ratios for each benefit plan that more closely match a 60% policyholder funding of incurred claims for the respective HIRSP plans.

Calendar Year 2008 Claims to Premium Loss Ratios						
Plan	Total Dollars			Per Member Per Month		
	Incurred Claims	Earned Premium	Loss Ratio	Incurred Claims	Earned Premium	
\$1,000	\$59,150,592	\$32,369,022	182.7%	\$1,204.87	\$659.34	
\$2,500	79,418,257	49,417,121	160.7%	738.16	459.31	
\$3,500 HSA	1,338,703	1,477,411	90.6%	358.90	396.09	
\$5,000	9,010,322	8,808,445	102.3%	365.65	357.46	
Medicare Supp	5,965,864	4,033,544	147.9%	522.22	353.08	
Total	\$154,883,738	\$96,105,543	161.2%	\$788.30	\$489.14	

Note: Loss ratio = incurred claims ÷ earned premiums. Earned premiums include premium subsidies. Incurred claims include provider contributions. Administrative expenses are not included in this exhibit. Incurred claims and earned premiums are updated quarterly and restated to reflect the most current information available as of March 31, 2009.

Health Insurance Risk-Sharing Plan Authority
December 31, 2008
Calendar Year 2008

Unaudited Balance Sheet

Assets	01/31/2008	02/29/2008	03/31/2008	04/30/2008	05/31/2008	06/30/2008	07/31/2008	08/31/2008	09/30/2008	10/31/2008	11/30/2008	12/31/2008
Cash and Cash Equivalents	58,717,832	59,543,907	67,641,923	70,515,545	64,288,952	67,499,165	64,556,834	66,665,540	70,572,338	74,525,761	70,430,938	71,325,612
Other Receivables	739,048	575,608	820,274	601,531	672,539	647,572	3,314,467	3,299,166	3,384,232	3,389,965	3,467,531	971,035
Drug Rebates Receivable	2,298,874	2,006,092	2,081,288	1,610,054	1,576,370	1,812,374	1,641,899	1,391,446	1,518,449	1,275,711	1,187,402	1,445,188
Assessments Receivable	18,264,346	12,645,085	8,194,412	1,280,201	583,242	-	21,027,152	12,854,361	9,689,251	3,610,233	807,829	44,391
Prepaid Items	14,836	14,268	14,431	19,175	13,930	15,948	19,812	19,427	15,187	14,998	14,067	14,030
Net Fixed Assets	28,825	28,362	27,899	27,436	26,973	26,510	26,047	25,584	25,121	24,658	24,195	23,732
Total Assets	80,063,761	74,813,322	78,780,227	74,053,942	67,162,006	70,001,569	90,586,211	84,255,524	85,204,578	82,841,326	75,931,962	73,823,988
Liabilities and Fund Equity												
Liabilities:												
Unpaid Medical Loss Liabilities	11,092,064	9,840,187	9,223,069	8,863,807	9,685,744	10,672,984	10,854,267	10,099,275	9,852,417	9,416,325	11,845,155	11,831,369
Unpaid Prescription Drug Loss Liabilities	575,000	575,000	689,741	596,889	622,188	601,160	538,220	534,072	475,742	372,234	1,089,890	358,899
Unpaid Loss Adjustment Expense	770,000	770,000	770,000	770,000	770,000	770,000	770,000	770,000	770,000	770,000	770,000	780,000
Unearned Premiums	12,794,456	7,868,730	12,444,433	11,440,337	7,333,106	11,962,671	11,334,789	7,100,927	11,419,654	11,305,939	7,185,882	11,219,991
Unearned Assessments	15,613,256	12,862,921	9,839,542	6,732,488	3,443,710	-	18,031,743	14,804,760	11,438,303	7,873,368	4,027,152	-
Unearned Federal Grant	-	-	-	-	-	-	2,561,169	2,561,169	2,561,169	2,561,169	2,561,169	-
Accounts Payable and Other Accrued Liabilities	2,115,982	1,851,552	1,919,771	1,934,209	2,003,538	1,944,164	2,044,006	1,811,398	1,762,832	2,098,337	1,583,532	14,191,154
Total Liabilities	42,960,758	33,768,390	34,886,556	30,337,730	23,858,286	25,950,979	46,134,194	37,681,601	38,280,117	34,397,372	29,062,780	38,381,413
Fund Equity:												
Policyholder	26,217,667	29,196,272	31,111,460	30,358,643	29,245,208	29,120,927	29,118,733	30,448,390	30,088,419	30,561,051	28,453,440	15,869,036
Providers	5,076,153	5,526,722	6,054,326	6,681,857	7,443,849	7,887,549	8,201,049	8,293,817	8,735,178	8,956,519	9,297,283	9,610,597
Insurers	5,809,183	6,321,938	6,727,885	6,675,712	6,614,663	7,042,114	7,132,235	7,831,716	8,100,864	8,926,384	9,118,459	9,962,942
Total Retained Earnings	37,103,003	41,044,932	43,893,671	43,716,212	43,303,720	44,050,590	44,452,017	46,573,923	46,924,461	48,443,954	46,869,182	35,442,575
Total Liabilities and Fund Equity	80,063,761	74,813,322	78,780,227	74,053,942	67,162,006	70,001,569	90,586,211	84,255,524	85,204,578	82,841,326	75,931,962	73,823,988

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Health Insurance Risk-Sharing Plan Authority for the Period Ended December 31, 2008 Calendar Year 2008

Unaudited Statement of Revenues, Expenses, and Changes in Retained Earnings

Operating Revenues	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year to Date
Gross Premiums	8,531,568	8,724,789	8,663,222	7,706,807	7,912,144	7,901,563	7,649,246	7,879,264	7,869,417	7,634,157	7,832,557	7,800,809	96,105,543
Premium Subsidized	(580,275)	(577,024)	(582,048)	(561,321)	(565,254)	(571,686)	(575,604)	(581,106)	(582,727)	(583,911)	(577,852)	(575,287)	(6,914,095)
Net Premium Revenues	7,951,293	8,147,765	8,081,174	7,145,486	7,346,890	7,329,877	7,073,642	7,298,158	7,286,690	7,050,246	7,254,705	7,225,522	89,191,448
Provider Contribution	2,921,441	2,688,150	3,145,037	3,786,758	4,111,820	3,459,959	3,218,788	2,620,270	3,538,670	2,960,756	3,994,905	3,495,984	39,942,538
Insurer Assessments	2,651,090	2,750,335	3,023,379	3,107,054	3,288,778	3,443,710	2,995,409	3,226,983	3,366,457	3,564,935	3,846,216	4,027,152	39,291,498
Total Operating Revenues	13,523,824	13,586,250	14,249,590	14,039,298	14,747,488	14,233,546	13,287,839	13,145,411	14,191,817	13,575,937	15,095,826	14,748,658	168,425,484
Operating Expenses													
Medical Losses:													
Losses Paid or Approved for Payment	14,669,923	8,238,591	8,956,769	11,470,894	10,660,148	9,012,908	9,474,419	8,937,059	11,222,920	9,280,708	9,985,465	10,926,096	122,835,900
Increase (Decrease) in Unpaid Losses	(6,376,711)	(1,761,391)	(876,308)	(508,715)	1,163,863	1,394,970	256,334	(1,066,049)	(347,823)	(450,673)	3,242,391	(19,314)	(5,349,426)
Deductible Subsidy Paid	48,433	67,349	76,337	67,446	56,406	49,480	61,734	37,676	49,403	40,461	29,913	37,487	622,125
Total Medical Losses	8,341,645	6,544,549	8,156,798	11,029,625	11,880,417	10,457,358	9,792,487	7,908,686	10,924,500	8,870,496	13,257,769	10,944,269	118,108,599
Pharmacy Losses:													
Losses Paid or Approved for Payment	3,409,385	3,001,720	2,959,067	3,132,355	2,959,459	2,835,977	2,858,192	2,710,935	2,802,559	3,046,683	2,499,484	3,497,937	35,713,753
Increase (Decrease) in Unpaid Losses	(266,155)	-	114,741	(92,852)	25,299	(21,028)	(62,940)	(4,148)	(58,330)	(103,508)	717,656	(730,991)	(482,256)
Drug Rebates	(286,361)	(267,918)	(280,011)	(277,811)	(277,779)	(248,380)	(232,890)	(91,251)	(297,239)	(244,096)	(285,026)	(272,691)	(3,061,462)
Subsidy - Coinsurance Out-of-Pocket Max	-	-	77,792	49,939	60,941	60,790	72,278	69,818	76,230	80,108	73,737	90,465	712,098
Total Pharmacy Losses	2,856,869	2,733,802	2,871,589	2,811,631	2,767,920	2,627,359	2,634,631	2,685,354	2,523,220	2,779,187	3,005,851	2,584,720	32,882,133
Total Losses	11,198,514	9,278,351	11,028,387	13,841,256	14,648,337	13,084,717	12,427,118	10,594,040	13,447,720	11,649,683	16,263,620	13,528,989	150,990,732
Loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000
Administrative expenses													
Authority Admin Fees	55,689	45,916	63,745	51,293	59,636	53,543	52,526	55,262	58,292	52,320	42,410	65,239	655,871
WPS Admin Fees	355,393	348,264	350,371	345,470	452,316	353,800	342,876	342,631	346,273	352,452	342,954	522,953	4,455,753
Pharmacy Benefits Manager Admin Fees	93,885	92,686	92,219	90,041	83,597	83,637	89,953	89,892	89,663	88,211	89,359	94,062	1,077,225
Milliman USA Actuarial Services	22,000	6,096	(5,000)	4,038	19,459	10,910	69,500	30,000	(490)	17,436	4,370	-	198,318
Disease Management Services	5,226	5,248	5,174	5,272	5,022	4,706	4,586	8,525	5,537	7,841	(649)	15,167	18,167
Other Admin Fees	532,193	498,210	506,509	496,114	620,030	506,596	559,441	526,310	499,295	518,260	478,444	735,552	71,820
Total Administrative Expenses	5,145	4,760	4,900	4,515	4,690	4,970	5,355	5,285	3,290	3,115	2,975	3,885	52,885
Referral fees	5,145	4,760	4,900	4,515	4,690	4,970	5,355	5,285	3,290	3,115	2,975	3,885	52,885
Total Operating Expenses	11,735,852	9,781,321	11,539,796	14,341,885	15,273,057	13,596,283	12,991,914	11,125,635	13,950,305	12,171,058	16,745,039	14,278,426	157,530,571
Net Operating Income (Loss)	1,787,972	3,804,929	2,709,794	(302,587)	(525,569)	637,263	295,925	2,019,776	241,512	1,404,879	(1,649,213)	470,232	10,894,913
Non-Operating Revenues (Expenses)													
Federal Grant	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Bonus Grant Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	215,878	137,000	138,945	125,128	113,077	109,607	105,502	102,130	109,026	114,614	74,441	(4,774)	1,340,574
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Policyholders	-	-	-	-	-	-	-	-	-	-	-	(11,892,065)	(11,892,065)
Total Non-operating Revenues (Expenses)	215,878	137,000	138,945	125,128	113,077	109,607	105,502	102,130	109,026	114,614	74,441	(11,896,839)	(10,551,491)
Net Income (Loss)	2,003,850	3,941,929	2,848,739	(177,459)	(412,492)	746,870	401,427	2,121,906	350,538	1,519,493	(1,574,772)	(11,426,607)	343,422
Additions to Retained Earnings													
Policyholder													
Retained Earnings, Beginning of Period	24,569,024	26,217,667	29,196,272	31,111,460	30,358,643	29,245,208	29,120,927	29,118,733	30,448,390	30,088,419	30,561,051	28,453,440	24,569,024
Current Earnings	1,648,643	2,978,605	1,915,188	(752,817)	(1,113,435)	(124,281)	(2,194)	1,329,657	(359,971)	472,632	(2,107,611)	(12,584,404)	(8,699,988)
Retained Earnings, End of Period	26,217,667	29,196,272	31,111,460	30,358,643	29,245,208	29,120,927	29,118,733	30,448,390	30,088,419	30,561,051	28,453,440	15,869,036	15,869,036
RBC Target Reserves	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)
Retained Earnings in Excess of RBC	16,110,593	19,089,198	21,004,386	20,251,569	19,138,134	19,013,853	19,011,659	20,341,316	19,981,345	20,453,977	18,346,366	5,761,962	5,761,962
Providers													
Retained Earnings, Beginning of Period	4,763,374	5,076,153	5,526,722	6,054,326	6,681,857	7,443,849	7,887,549	8,201,049	8,293,817	8,735,178	8,956,519	9,297,283	4,763,374
Current Earnings	312,779	450,569	527,604	627,531	761,992	443,700	313,500	92,768	441,361	221,341	340,764	4,847,223	4,847,223
Retained Earnings, End of Period	5,076,153	5,526,722	6,054,326	6,681,857	7,443,849	7,887,549	8,201,049	8,293,817	8,735,178	8,956,519	9,297,283	9,610,597	9,610,597
RBC Target Reserves	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)
Retained Earnings in Excess of RBC	1,707,128	2,157,697	2,685,301	3,312,832	4,074,824	4,518,524	4,832,024	4,924,792	5,366,153	5,587,494	5,928,258	6,241,572	6,241,572
Insurers													
Retained Earnings, Beginning of Period	5,766,755	5,809,183	6,321,938	6,727,885	6,675,712	6,614,663	7,042,114	7,132,235	7,831,716	8,100,864	8,926,384	9,118,459	5,766,755
Current Earnings	42,248	512,755	405,947	(52,173)	(61,049)	427,451	90,121	699,481	269,148	825,520	192,075	844,483	4,196,187
Retained Earnings, End of Period	5,809,183	6,321,938	6,727,885	6,675,712	6,614,663	7,042,114	7,132,235	7,831,716	8,100,864	8,926,384	9,118,459	9,962,942	9,962,942
RBC Target Reserves	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)
Retained Earnings in Excess of RBC	2,440,158	2,952,913	3,358,860	3,306,687	3,245,638	3,673,089	3,763,210	4,462,691	4,731,839	5,557,359	5,749,434	6,593,917	6,593,917
Retained Earnings, End of Period	37,103,003	41,044,932	43,893,671	43,716,212	43,303,720	44,050,590	44,452,017	46,573,923	46,924,461	48,443,954	46,869,182	35,442,575	35,442,575
RBC Target Reserves	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)
Retained Earnings in Excess of RBC	20,257,879	24,199,808	27,048,547	26,871,088	26,458,596	27,205,466	27,606,893	29,728,799	30,079,337	31,598,830	30,024,058	18,597,451	18,597,451

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Health Insurance Risk-Sharing Plan Authority
Calendar Year 2008 Interim Reconciliation
As of December 31, 2008

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year to Date
1. Operating and Administrative Costs under s.149.143(1)													
Medical Losses Paid or Approved for Payment	14,669,923	8,238,591	8,956,769	11,470,894	10,660,148	9,012,908	9,474,419	8,937,059	11,222,920	9,280,708	9,985,465	10,926,096	122,835,900
Increase (Decrease) in Unpaid Medical Losses	(6,376,711)	(1,761,391)	(876,308)	(508,715)	1,163,863	1,394,970	256,334	(1,066,049)	(347,823)	(450,673)	3,242,391	(19,314)	(5,349,426)
Pharmacy Losses Paid or Approved for Payment	3,409,385	3,001,720	2,959,067	3,132,355	2,959,459	2,835,977	2,858,192	2,710,935	2,802,559	3,046,683	2,499,484	3,497,937	35,713,753
Increase (Decrease) in Unpaid Pharmacy Losses	(266,155)	-	114,741	(92,852)	25,299	(21,028)	(62,940)	(4,148)	(58,330)	(103,508)	717,656	(730,991)	(482,256)
Drug Rebates	(286,361)	(267,918)	(280,011)	(277,811)	(277,779)	(248,380)	(232,899)	(91,251)	(297,239)	(244,096)	(285,026)	(272,691)	(3,061,462)
Total Administrative Expenses	537,338	502,970	511,409	500,629	624,720	511,566	564,796	531,595	502,585	521,375	481,419	739,437	6,529,839
Loss Adjustment Expense	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000
Total Operating and Administrative Costs	11,687,419	9,713,972	11,385,667	14,224,500	15,155,710	13,486,013	12,857,902	11,018,141	13,824,672	12,050,489	16,641,389	14,150,474	156,196,348
2. Adjustments to Operating and Administrative Costs													
Total Non-operating Revenue (Expense) - excluding Federal Grant Funds	215,878	137,000	138,945	125,128	113,077	109,607	105,502	102,130	109,026	114,614	74,441	(4,774)	1,340,574
3. Total Fiscal Year Program Costs to be Split 60% 20% 20%	11,471,541	9,576,972	11,246,722	14,099,372	15,042,633	13,376,406	12,752,400	10,916,011	13,715,646	11,935,875	16,566,948	14,155,248	154,855,774
4. Year-to-Date Adjusted Program Costs Under s.149.143(1) (Excluding Subsidy Costs)													
Funding Shares													
60% Policyholders	6,882,925	5,746,184	6,748,034	8,459,624	9,025,579	8,025,844	7,651,440	6,549,607	8,229,388	7,161,525	9,940,168	8,493,148	92,913,466
20% Providers	2,294,308	1,915,394	2,249,344	2,819,874	3,008,527	2,675,281	2,550,480	2,183,202	2,743,129	2,387,175	3,313,390	2,831,050	30,971,154
20% Insurers	2,294,308	1,915,394	2,249,344	2,819,874	3,008,527	2,675,281	2,550,480	2,183,202	2,743,129	2,387,175	3,313,390	2,831,050	30,971,154
5. Subsidy Funding Shares													
Premium subsidies	580,275	577,024	582,048	561,321	565,254	571,686	575,604	581,106	582,727	583,911	577,852	575,287	6,914,095
Deductible Subsidies	48,433	67,349	76,337	67,446	56,406	49,480	61,734	37,676	49,403	40,461	29,913	37,487	622,125
Subsidy - coinsurance out-of-pocket Max	-	-	77,792	49,939	60,941	60,790	72,278	69,818	76,230	80,108	73,737	90,465	712,098
Total Subsidies	628,708	644,373	736,177	678,706	682,601	681,956	709,616	688,600	708,360	704,480	681,502	703,239	8,248,318
Federal Grant Funds Applied to Low Income Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Subsidy Funding Needed	628,708	644,373	736,177	678,706	682,601	681,956	709,616	688,600	708,360	704,480	681,502	703,239	8,248,318
Subsidy Funding Needed by Source in addition to Section 3 Funding Shares													
Providers	314,354	322,187	368,089	339,353	341,301	340,978	354,808	344,300	354,180	352,240	340,751	351,620	4,124,161
Insurers	314,354	322,186	368,088	339,353	341,300	340,978	354,808	344,300	354,180	352,240	340,751	351,619	4,124,157
	628,708	644,373	736,177	678,706	682,601	681,956	709,616	688,600	708,360	704,480	681,502	703,239	8,248,318
6. Year-to-Date Adjusted Program Costs Under s.149.143(1) (Including Subsidy Costs)													
Policyholders	6,882,925	5,746,184	6,748,034	8,459,624	9,025,579	8,025,844	7,651,440	6,549,607	8,229,388	7,161,525	9,940,168	8,493,148	92,913,466
Providers	2,608,662	2,237,581	2,617,433	3,159,227	3,349,828	3,016,259	2,905,288	2,527,502	3,097,309	2,739,415	3,654,141	3,182,670	35,095,315
Insurers	2,608,662	2,237,580	2,617,432	3,159,227	3,349,827	3,016,259	2,905,288	2,527,502	3,097,309	2,739,415	3,654,141	3,182,669	35,095,311
7. Operating Revenues by Source													
Policyholders													
Premium	7,951,293	8,147,765	8,081,174	7,145,486	7,346,890	7,329,877	7,073,642	7,298,158	7,286,690	7,050,246	7,254,705	7,225,522	89,191,448
Premium and Deductible Subsidies Credited to Policyholders	580,275	577,024	582,048	561,321	565,254	571,686	575,604	581,106	582,727	583,911	577,852	575,287	6,914,095
Subtotal	8,531,568	8,724,789	8,663,222	7,706,807	7,912,144	7,901,563	7,649,246	7,879,264	7,869,417	7,634,157	7,832,557	7,800,809	96,105,543
Providers	2,921,441	2,688,150	3,145,037	3,786,758	4,111,820	3,459,959	3,218,788	2,620,270	3,538,670	2,960,756	3,994,905	3,495,984	39,942,538
Insurers	2,651,090	2,750,335	3,023,379	3,107,054	3,288,778	3,443,710	2,995,409	3,226,983	3,366,457	3,564,935	3,846,216	4,027,152	39,291,498
Total	14,104,099	14,163,274	14,831,638	14,600,619	15,312,742	14,805,232	13,863,443	13,726,517	14,774,544	14,159,848	15,673,678	15,323,945	175,339,579

(cont)

HIRSP – 2008 Annual Report

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year to Date
(cont)													
8. Interim Estimate of Surplus/(Deficit) Account Balance for 2008													
Policyholders													
Prior Period Surplus / (Deficit)	24,569,024	26,217,667	29,196,272	31,111,460	30,358,643	29,245,208	29,120,927	29,118,733	30,448,390	30,088,419	30,561,051	28,453,440	24,569,024
Premium (Including Premium and Deductible Subsidies)	8,531,568	8,724,789	8,663,222	7,706,807	7,912,144	7,901,563	7,649,246	7,879,264	7,869,417	7,634,157	7,832,557	7,800,809	96,105,543
Less Cost	6,882,925	5,746,184	6,748,034	8,459,624	9,025,579	8,025,844	7,651,440	6,549,607	8,229,388	7,161,525	9,940,168	8,493,148	92,913,466
Less Distribution to Policyholders	-	-	-	-	-	-	-	-	-	-	-	-	11,892,065
Monthly Change	1,648,643	2,978,605	1,915,188	(752,817)	(1,113,435)	(124,281)	(2,194)	1,329,657	(359,971)	472,632	(2,107,611)	(12,584,404)	(8,699,988)
Ending Surplus / (Deficit)	26,217,667	29,196,272	31,111,460	30,358,643	29,245,208	29,120,927	29,118,733	30,448,390	30,088,419	30,561,051	28,453,440	15,869,036	15,869,036
Policyholders's RBC Target Reserves	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)	(10,107,074)
Ending Surplus / (Deficit) Net of RBC Reserves	16,110,593	19,089,198	21,004,386	20,251,569	19,138,134	19,013,853	19,011,659	20,341,316	19,981,345	20,453,977	18,346,366	5,761,962	5,761,962
Providers													
Prior Period Surplus / (Deficit)	4,763,374	5,076,153	5,526,722	6,054,326	6,681,857	7,443,849	7,887,549	8,201,049	8,293,817	8,735,178	8,956,519	9,297,283	4,763,374
Contribution	2,921,441	2,688,150	3,145,037	3,786,758	4,111,820	3,459,959	3,218,788	2,620,270	3,538,670	2,960,756	3,994,905	3,495,984	39,942,538
Less Cost	2,608,662	2,237,581	2,617,433	3,159,227	3,349,828	3,016,259	2,905,288	2,527,502	3,097,309	2,739,415	3,654,141	3,182,670	35,095,315
Monthly Change	312,779	450,569	527,604	627,531	761,992	443,700	313,500	92,768	441,361	221,341	340,764	313,314	4,847,223
Ending Surplus / (Deficit)	5,076,153	5,526,722	6,054,326	6,681,857	7,443,849	7,887,549	8,201,049	8,293,817	8,735,178	8,956,519	9,297,283	9,610,597	9,610,597
Provider's RBC Target Reserves	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)
Ending Surplus / (Deficit) Net of RBC Reserves	1,707,128	2,157,697	2,685,301	3,312,832	4,074,824	4,518,524	4,832,024	4,924,792	5,366,153	5,587,494	5,928,258	6,241,572	6,241,572
Insurers													
Prior Period Surplus / (Deficit)	5,766,755	5,809,183	6,321,938	6,727,885	6,675,712	6,614,663	7,042,114	7,132,235	7,831,716	8,100,864	8,926,384	9,118,459	5,766,755
Assessment	2,651,090	2,750,335	3,023,379	3,107,054	3,288,778	3,443,710	2,995,409	3,226,983	3,366,457	3,564,935	3,846,216	4,027,152	39,291,498
Less Cost	2,608,662	2,237,580	2,617,432	3,159,227	3,349,827	3,016,259	2,905,288	2,527,502	3,097,309	2,739,415	3,654,141	3,182,669	35,095,311
Monthly Change	42,428	512,755	405,947	(52,173)	(61,049)	427,451	90,121	699,481	269,148	825,520	192,075	844,483	4,196,187
Ending Surplus / (Deficit)	5,809,183	6,321,938	6,727,885	6,675,712	6,614,663	7,042,114	7,132,235	7,831,716	8,100,864	8,926,384	9,118,459	9,962,942	9,962,942
Insurer's RBC Target Reserves	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)	(3,369,025)
Ending Surplus / (Deficit) Net of RBC Reserves	2,440,158	2,952,913	3,358,860	3,306,687	3,245,638	3,673,089	3,763,210	4,462,691	4,731,839	5,557,359	5,749,434	6,593,917	6,593,917
Total HIRSP Retained Earnings	37,103,003	41,044,932	43,893,671	43,716,212	43,303,720	44,050,590	44,452,017	46,573,923	46,924,461	48,443,954	46,869,182	35,442,575	35,442,575
Total RBC Target Reserves	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)	(16,845,124)
Total Retained Earnings in Excess of RBC Target Reserves	20,257,879	24,199,808	27,048,547	26,871,088	26,458,596	27,205,466	27,606,893	29,728,799	30,079,337	31,598,830	30,024,058	18,597,451	18,597,451

Health Insurance Risk-Sharing Plan Authority
Comparison of Budget Vs. Actual
Unaudited Statement of Revenues, Expenses, and Changes in Retained Earnings
Calendar Year 2008

	December 2008 Budget	December 2008 Actual	Variance	Year-to-Date Through December 2008 Budget	Year-to-Date Through December 2008 Actual	Variance
Operating Revenues						
Gross Premiums	8,094,835	7,800,809	(294,026)	98,711,687	96,105,543	(2,606,144)
Premium Subsidized	(764,173)	(575,287)	188,886	(9,478,742)	(6,914,095)	2,564,647
Net Premium Revenues	7,330,662	7,225,522	(105,140)	89,232,945	89,191,448	(41,497)
Provider Contribution	3,856,926	3,495,984	(360,942)	40,387,692	39,942,538	(445,154)
Insurer Assessments	4,027,152	4,027,152	-	39,291,498	39,291,498	-
Total Operating Revenues	15,214,740	14,748,658	(466,082)	168,912,135	168,425,484	(486,651)
Operating Expenses						
Medical and Pharmacy Losses:	18,794,171	13,401,037	5,393,134	179,081,731	149,656,509	29,425,222
Deductible Subsidy/RX OOP Max	36,780	127,952	(91,172)	653,288	1,334,223	(680,935)
Total Medical and Pharmacy Losses	18,830,951	13,528,989	5,301,962	179,735,019	150,990,732	28,744,287
Loss adjustment expenses	-	10,000	(10,000)	-	10,000	(10,000)
Administrative expenses						
Total Administrative Expenses	540,537	735,552	(195,015)	6,483,873	6,476,954	6,919
Referral fees	4,220	3,885	335	53,589	52,885	704
Total Operating Expenses	19,375,708	14,278,426	5,097,282	186,272,481	157,530,571	28,741,910
Net Operating Income (Loss)	(4,160,968)	470,232	4,631,200	(17,360,346)	10,894,913	28,255,259
Non-Operating Revenues (Expenses)						
Federal Grant	-	-	-	-	-	-
Federal Bonus Grant Funds	-	-	-	-	-	-
Investment Income	193,935	(4,774)	(198,709)	2,588,442	1,340,574	(1,247,868)
Miscellaneous Income	-	-	-	-	-	-
Distribution to Policyholders	-	(11,892,065)	(11,892,065)	-	(11,892,065)	(11,892,065)
Total Non-operating Revenues (Expenses)	193,935	(11,896,839)	(12,090,774)	2,588,442	(10,551,491)	(13,139,933)
Net Income (Loss)	(3,967,033)	(11,426,607)	(7,459,574)	(14,771,904)	343,422	15,115,326

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Health Insurance Risk-Sharing Plan Authority
Comparison of Current vs. Prior Month and Current Fiscal Year-to-Date Vs. Prior Fiscal Year-to-Date
Unaudited Statement of Revenues, Expenses, and Changes in Retained Earnings
Calendar Year 2008

Operating Revenues	December 2008	November 2008	Variance	Year-to-Date Through December 2008	Year-to-Date Through December 2007	Variance
Gross Premiums	7,800,809	7,832,557	(31,748)	96,105,543	105,667,247	(9,561,704)
Premium Subsidized	(575,287)	(577,852)	2,565	(6,914,095)	(4,844,378)	(2,069,717)
Net Premium Revenues	7,225,522	7,254,705	(29,183)	89,191,448	100,822,869	(11,631,421)
Provider Contribution	3,495,984	3,994,905	(498,921)	39,942,538	42,296,578	(2,354,040)
Insurer Assessments	4,027,152	3,846,216	180,936	39,291,498	33,582,671	5,708,827
Total Operating Revenues	14,748,658	15,095,826	(347,168)	168,425,484	176,702,118	(8,276,634)
Operating Expenses						
Medical Losses:						
Losses Paid or Approved for Payment	10,926,096	9,985,465	940,631	122,835,900	129,397,007	(6,561,107)
Increase (Decrease) in Unpaid Losses	(19,314)	3,242,391	(3,261,705)	(5,349,426)	1,481,144	(6,830,570)
Deductible Subsidy Paid	37,487	29,913	7,574	622,125	620,445	1,680
Total Medical Losses	10,944,269	13,257,769	(2,313,500)	118,108,599	131,498,596	(13,389,997)
Pharmacy Losses:						
Losses Paid or Approved for Payment	3,497,937	2,499,484	998,453	35,713,753	41,740,072	(6,026,319)
Increase (Decrease) in Unpaid Losses	(730,991)	717,656	(1,448,647)	(482,256)	46,689	(528,945)
Drug Rebates	(272,691)	(285,026)	12,335	(3,061,462)	(4,813,172)	1,751,710
Subsidy - Coinsurance Out-of-Pocket Max	90,465	73,737	16,728	712,098	316,682	395,416
Total Pharmacy Losses	2,584,720	3,005,851	(421,131)	32,882,133	37,290,271	(4,408,138)
Total Losses	13,528,989	16,263,620	(2,734,631)	150,990,732	168,788,867	(17,798,135)
Loss adjustment expenses	10,000	-	(10,000)	10,000	-	(10,000)
Administrative expenses						
Authority Admin Fees	65,239	42,410	22,829	655,871	599,587	56,284
WPS Admin Fees	522,953	342,954	179,999	4,455,753	4,377,199	78,554
Pharmacy Benefits Manager Admin Fees	94,062	89,359	4,703	1,077,225	1,160,420	(83,195)
Milliman USA Actuarial Services	19,999	4,370	15,629	198,318	198,466	(148)
Disease Management Services	18,167	-	18,167	18,167	-	18,167
Other Admin Fees And Expenses	15,132	(649)	15,781	71,620	71,838	(218)
Total Administrative Expenses	735,552	478,444	257,108	6,476,954	6,407,510	69,444
Referral fees	3,885	2,975	910	52,885	55,370	(2,485)
Total Operating Expenses	14,278,426	16,745,039	(2,486,613)	157,530,571	175,251,747	(17,741,176)
Net Operating Income (Loss)	470,232	(1,649,213)	2,139,445	10,894,913	1,450,371	9,464,542
Non-Operating Revenues (Expenses)						
Federal Grant	-	-	-	-	-	-
Federal Bonus Grant Funds	-	-	-	-	2,089,225	(2,089,225)
Investment Income	(4,774)	74,441	(79,215)	1,340,574	3,228,580	(1,888,006)
Miscellaneous Income	-	-	-	-	-	-
Distribution to Policyholders	(11,892,065)	-	(11,892,065)	(11,892,065)	-	(11,892,065)
Total Non-operating Revenues (Expenses)	(11,896,839)	74,441	(11,971,280)	(10,551,491)	5,317,805	(15,869,296)
Net Income (Loss)	(11,426,607)	(1,574,772)	(9,831,835)	343,422	6,768,176	(6,404,754)

Policyholder Activity Reports

Applications to HIRSP

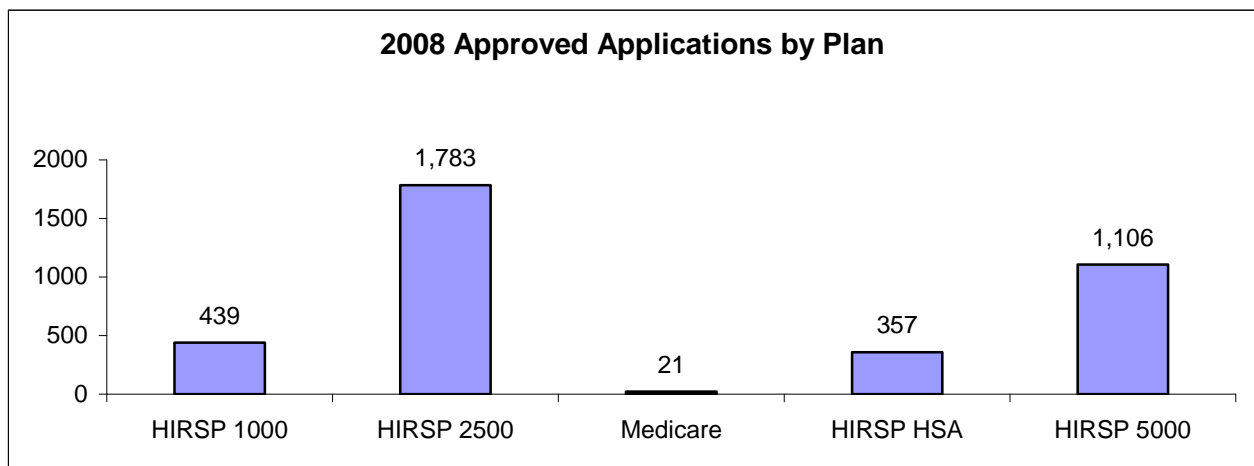
In 2008, HIRSP received an average of 413 applications per month. The average number of applications received per month is a 6.4% increase over 2007. HIRSP applications were down in 2007 compared to the previous two years. The following is the average number of applications received per month from 2005 through 2008:

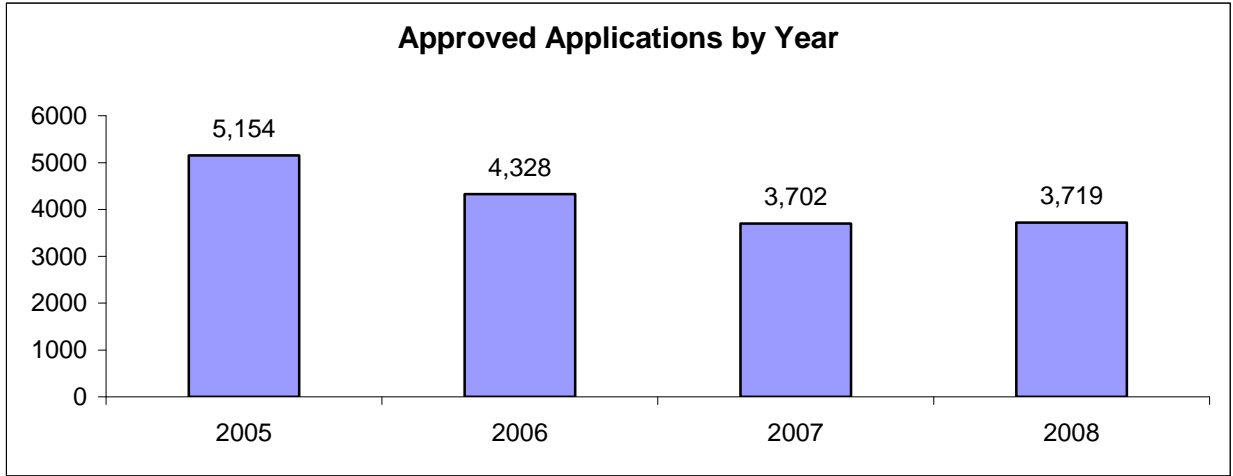
POLICYHOLDER APPLICATIONS by YEAR

Year	Applications	
	Average	Total
2008	413	3,719
2007	388	3,702
2006	438	4,328
2005	579	5,154
Total	455	16,903

Over 48% of new applications in 2008 were for the HIRSP 2,500 plan, although this plan experienced a decline in total enrollment over the year. The HIRSP 5,000 plan and the HIRSP Health Savings Account (HSA) plan both experienced significant growth in 2008. Together these three plans accounted for 88% of all new applications.

HIRSP is the federal Health Insurance Portability Accountability Act (HIPAA) qualifying plan for the state of Wisconsin. In 2008, qualifying as a HIPAA eligible was the most frequent reason for approval at just over 60%, up from 57% in 2007. Providing evidence of medical uninsurability accounted for another 38% of applications. Individuals with HIV/AIDS and individuals qualifying for Medicare due to disability comprised the remaining new enrollment.





Applicant Activity - Calendar Year 2008

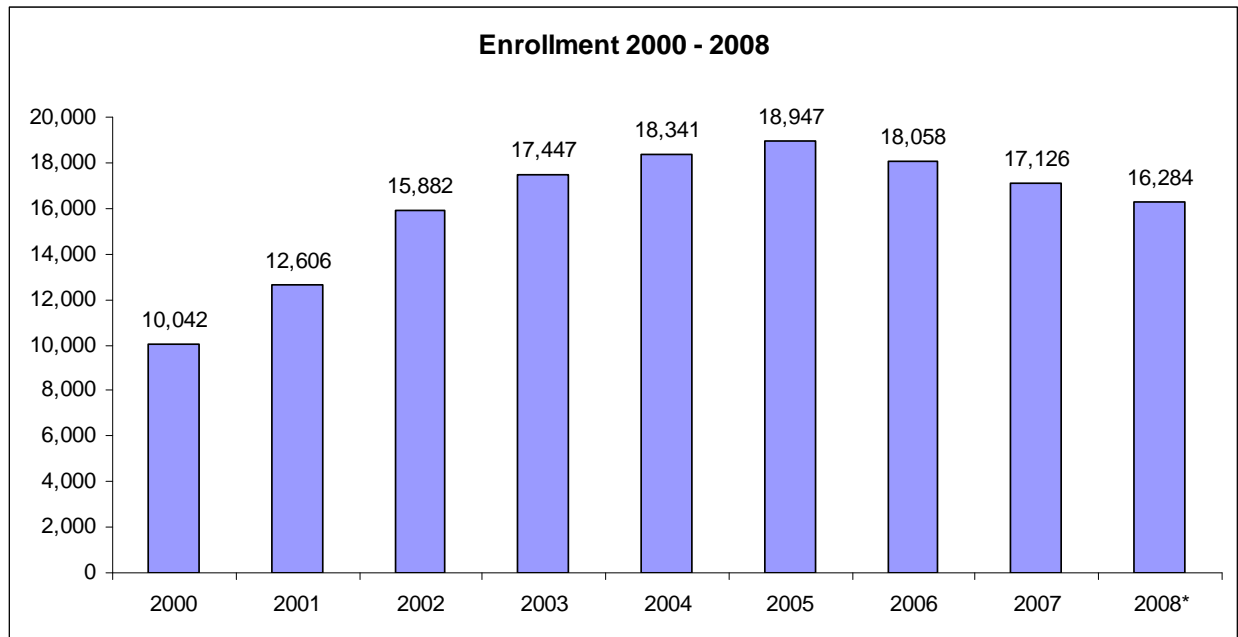
A.	Medicare Eligible	27
B.	HIV +	51
C.	Eligible Individual	2,247
	<i>Newborn Applications</i>	17
D.	Letter of Medical Eligibility	1,393
	1. <i>Letter of Rejection By:</i>	
	<i>Alliance</i>	9
	<i>American Community Mutual Insurance</i>	74
	<i>American Heritage</i>	19
	<i>American Family</i>	263
	<i>American Medical Security Group</i>	18
	<i>American National Life Insurance Company of Texas</i>	8
	<i>American Republic</i>	20
	<i>Assurant Health</i>	281
	<i>Atrium Health</i>	3
	<i>Blue Cross & Blue Shield United of Wisconsin</i>	717
	<i>Celtic Life Insurance Company</i>	24
	<i>Central Reserve Life</i>	1
	<i>Consumer Life Insurance</i>	22
	<i>Continental General Insurance Company</i>	2
	<i>Dean Health Plan</i>	90
	<i>Golden Rule Insurance Company</i>	236
	<i>Great West Healthcare</i>	3
	<i>Group Health Cooperative</i>	10
	<i>Humana Insurance Company</i>	378
	<i>Insurers Administrative Corporation</i>	1
	<i>John Alden Life Insurance</i>	8
	<i>Mega Life And Health Insurance</i>	64
	<i>Mid-West National Life Insurance Company of</i>	4
	<i>Pekin Life Insurance</i>	31
	<i>Physicians Mutual Insurance Company</i>	5
	<i>Physicians Plus Insurance</i>	3
	<i>Security Health Plan</i>	95
	<i>Sisco</i>	1
	<i>Trustmark</i>	7
	<i>United HealthCare Insurance</i>	3
	<i>Unity Health Plan</i>	19
	<i>Valley Health Plan</i>	5
	<i>Wisconsin Physicians Service Insurance</i>	283
	<i>World Insurance</i>	7
	2. <i>Notice of Benefit Reduction or premium increase</i>	13
Total		3,718

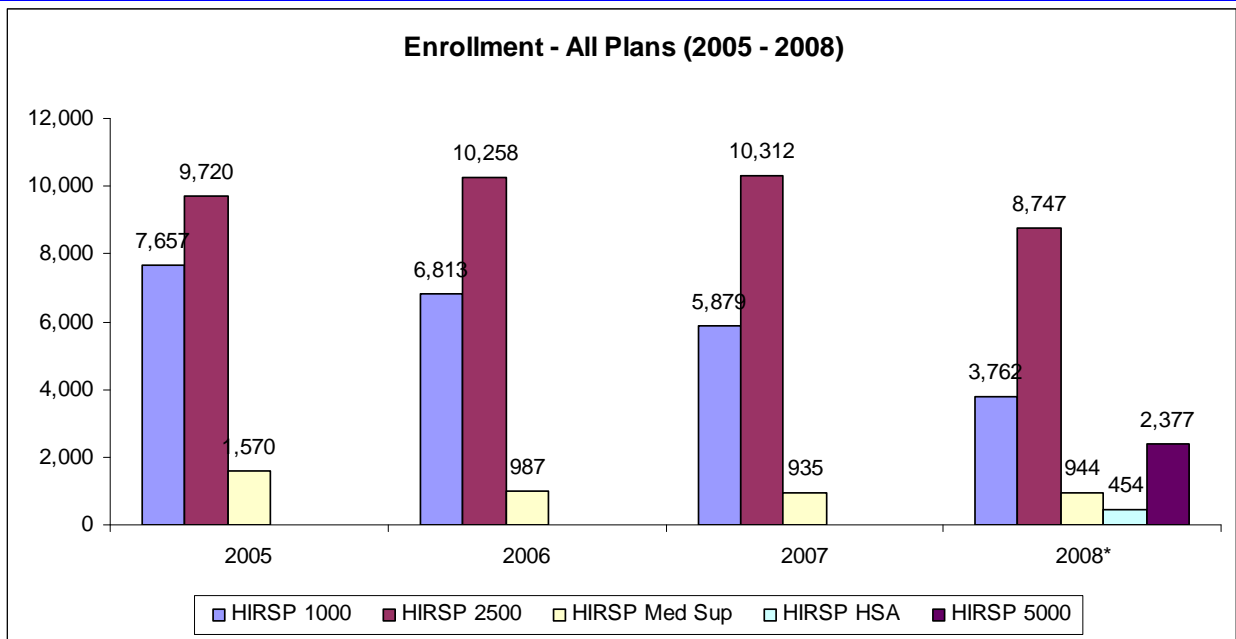
Demographics

Enrollment

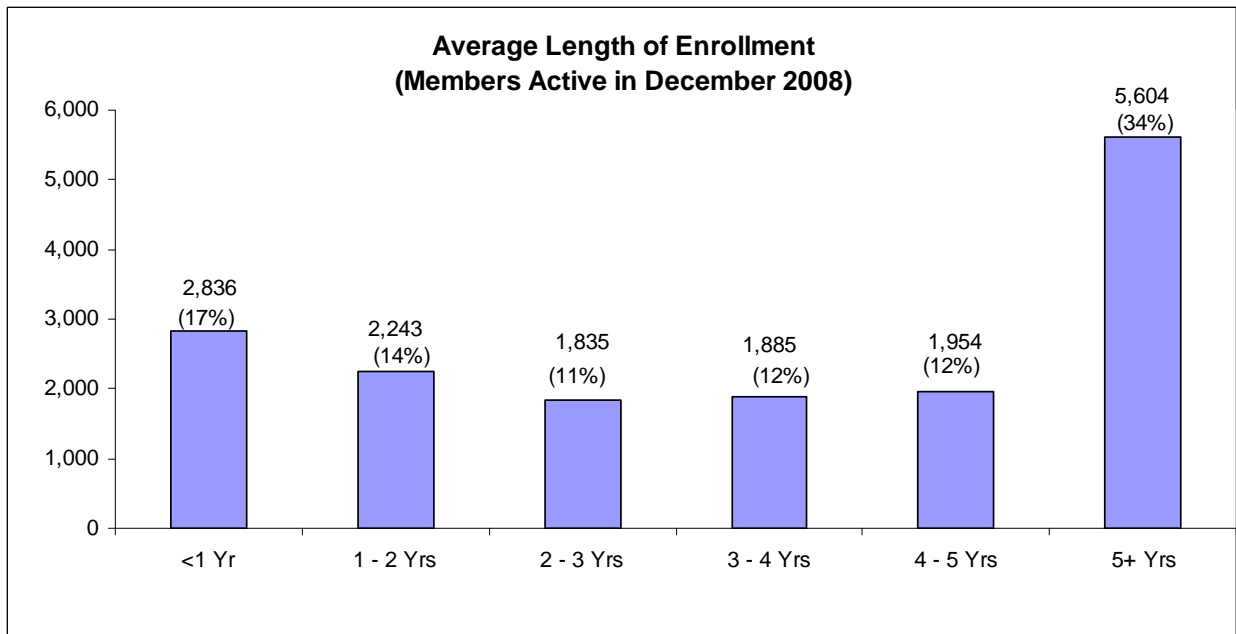
HIRSP's enrollment decreased almost 5% during 2008, from 17,126 in December 2007 to 16,284 in December 2008, a net decrease of 842 individuals. However, approximately 500 of these individuals were children who qualified for the state's new BadgerCare Plus program. Because of their BadgerCare Plus eligibility, these children were no longer eligible for HIRSP and transitioned to BadgerCare Plus over the first quarter of 2008.

Over time, HIRSP enrollment has shifted from the low-deductible plan option to the high deductible options. Beginning in 2004, more HIRSP policyholders were enrolled in Plan 1B (2,500) than Plan 1A (1,000). This trend has continued through 2008 where now only 23% of HIRSP policyholders remain in HIRSP 1,000.





* In first quarter 2008, 512 children left HIRSP to enroll in BadgerCare Plus.

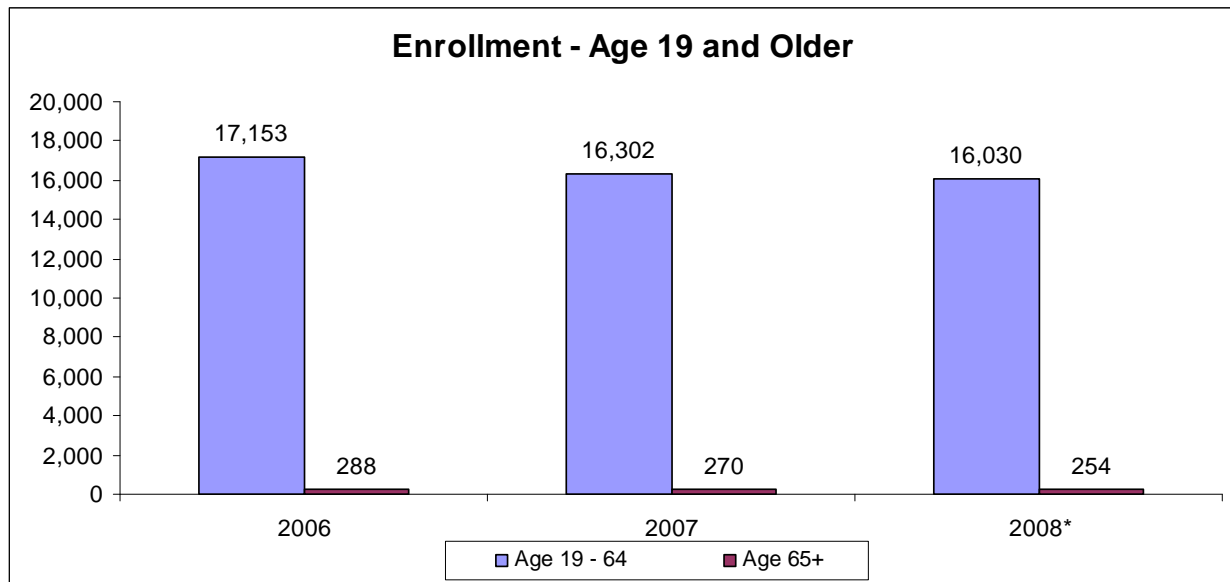


Most HIRSP policyholders (69%) have been with HIRSP for a minimum of two years. Over 34% have been enrolled in HIRSP for five or more years.

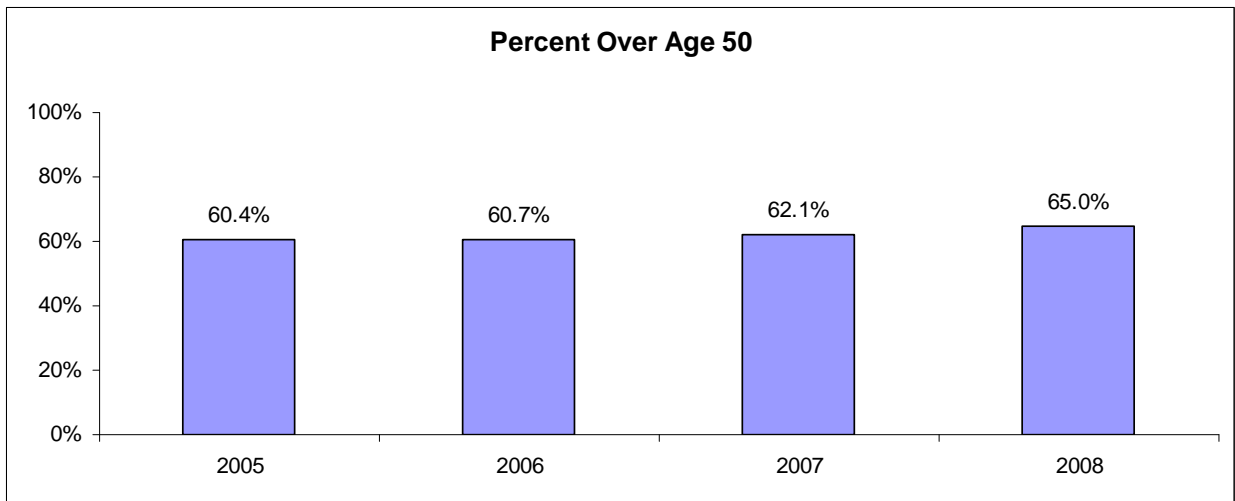
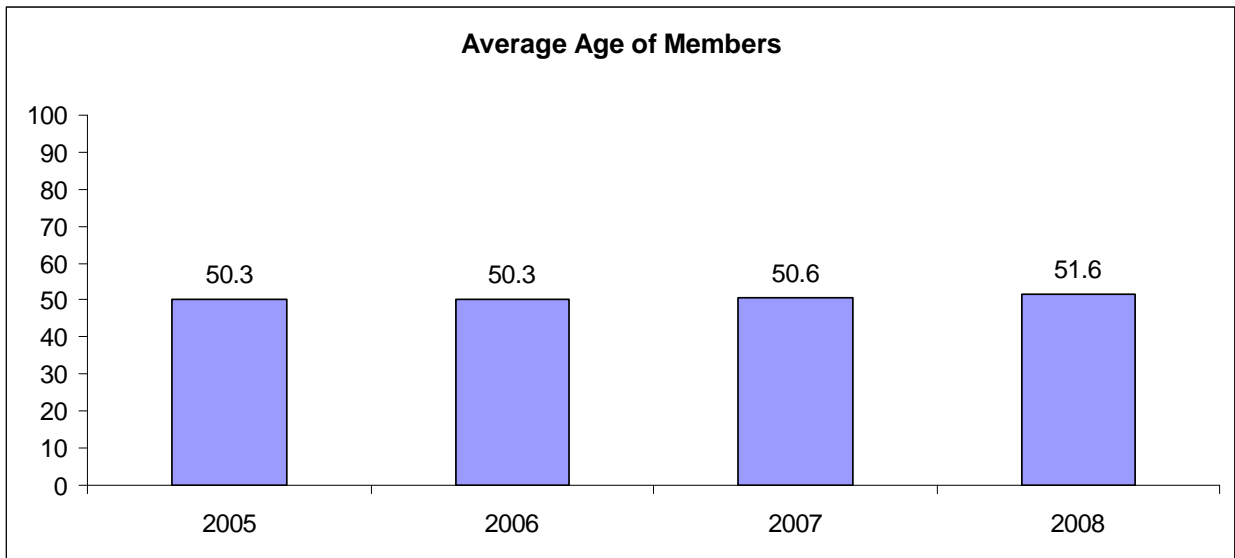
Age

**Total Policies in Force by Plan and Age Group
as of December 2008**

Age Band	HIRSP 1,000	HIRSP 2,500	HIRSP HSA	HIRSP 5,000	HIRSP MED SUPP	TOTAL
0-24	244	224	5	37	4	514
25-29	320	203	10	32	8	573
30-34	238	167	13	31	20	469
35-39	254	253	18	49	33	607
40-44	365	471	25	85	60	1,006
45-49	495	883	45	203	110	1,736
50-54	570	1,416	74	305	166	2,531
55-59	585	2,085	109	575	179	3,533
60-64	687	3,037	155	1,059	123	5,061
65+	4	8	0	1	241	254
Total	3,762	8,747	454	2,377	944	16,284



The average age of HIRSP policyholders has increased slightly in 2008 from just under 51 to just under 52 years of age.



Policyholder Subsidies for Premiums and Deductibles

Policyholders are eligible for reduced premiums, deductibles and drug out-of-pocket costs if their annual household income in the previous calendar year was less than \$25,000. Prior to 2008, only Plan 1A (HIRSP 1,000) policyholders were eligible for subsidy, and only policyholders with household income below \$20,000 qualified for the deductible discounts.

In 2007, the HIRSP Authority sought and obtained a statutory change that would allow for portability of low-income subsidy between plans. In 2008, policyholders benefited from this portability and increased access to deductible subsidy. Over 36% of policyholders who qualified for subsidy in 2008 elected into a lower premium, higher deductible plan than what was available to them in 2007.

2008 SUBSIDY SUMMARY

Subsidy Level Income Range	HIRSP 1,000	HIRSP 2,500	HIRSP HSA	HIRSP 5,000	HIRSP MED SUPP	Total
Less than \$10,000	881	286	6	90	57	1,320
\$10,000 - \$13,999	268	123	6	45	69	511
\$14,000 - \$16,999	160	93	6	49	83	391
\$17,000 - \$19,999	130	97	2	39	56	324
\$20,000 - \$24,999	141	147	11	86	89	474
Total Subsidized Policyholders	1,580	746	31	309	354	3,020
Total Plan Policyholders at Year End	3,762	8,747	454	2,377	944	16,284
Percent of All Policyholders Who are Subsidized	10%	5%	0%	2%	2%	19%

HEALTH INSURANCE RISK-SHARING PLAN

Plans Subsidy Discount Tables

HIRSP 1,000, HIRSP 2,500 and HIRSP 5,000

Household Income	Medical Deductible Discount	Premium Discount	Drug Out-of-Pocket Maximum
\$25,000 and Above	No Discount	No Discount	\$2,000
\$20,000 - 24,999.99	\$100	25%	\$750
\$17,000 – 19,999.99	\$200	29%	\$600
\$14,000 – 16,999.99	\$300	34%	\$525
\$10,000 – 13,999.99	\$400	39%	\$450
Less than \$10,000	\$500	43%	\$375

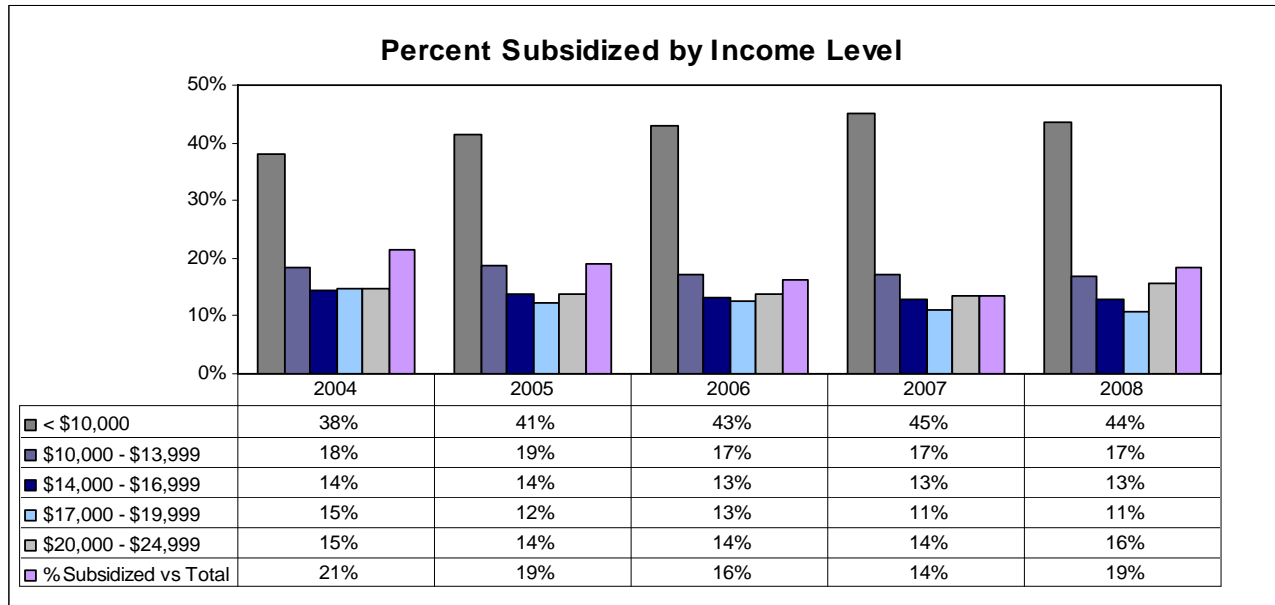
HIRSP Medicare Supplement

Household Income	Medical Deductible Discount	Premium Discount	Drug Out-of-Pocket Maximum
\$25,000 and Above	No Discount	No Discount	\$1,500
\$20,000 - 24,999.99	No Discount	10%	\$125
\$17,000 – 19,999.99	No Discount	20%	\$125
\$14,000 – 16,999.99	No Discount	25%	\$125
\$10,000 – 13,999.99	No Discount	30%	\$125
Less than \$10,000	No Discount	35%	\$125

HIRSP Health Savings Account

Household Income	Medical/Drug Deductible Discount	Premium Discount	Drug Out-of-Pocket Maximum *
\$25,000 and Above	No Discount	No Discount	Not Applicable
\$20,000 - 24,999.99	\$100	25%	Not Applicable
\$17,000 – 19,999.99	\$200	29%	Not Applicable
\$14,000 – 16,999.99	\$300	34%	Not Applicable
\$10,000 – 13,999.99	\$400	39%	Not Applicable
Less than \$10,000	\$500	43%	Not Applicable

* The medical and drug benefit in the HSA plan is a combined benefit; therefore, a cap on out-of-pocket drug costs is not available. The maximum out-of-pocket cost of the HSA plan is set by federal law and is currently \$5,600, unless you qualify for a reduced deductible.



In 2008, 19% of all HIRSP policyholders were subsidized. The majority of these (52%) were in HIRSP 1,000. The total HIRSP subsidized population has increased from 14% in 2007.

The HIRSP subsidy population remains heavily weighted to the lowest income category. Almost 44% of the subsidized policyholders reported household income below \$10,000. This is consistent with 2007 where 45% of subsidized policyholders were below \$10,000.

Utilization and Costs

Calendar Year and Lifetime Benefit Use

The following charts illustrate HIRSP benefit usage during calendar years 2004 through 2008. In calendar year 2008, HIRSP paid over \$50,000 in benefits for 382 individual policyholders, and \$10,000 or less for 18,615 individual policyholders.

There was one HIRSP policyholders that met their \$1,000,000 lifetime max in 2008.

Benefit dollars paid represents the amount HIRSP paid on claims net of all applicable policyholder deductible and coinsurance liability, and provider contribution amounts. Additional information on denied medical claims can be found in Appendix 3.

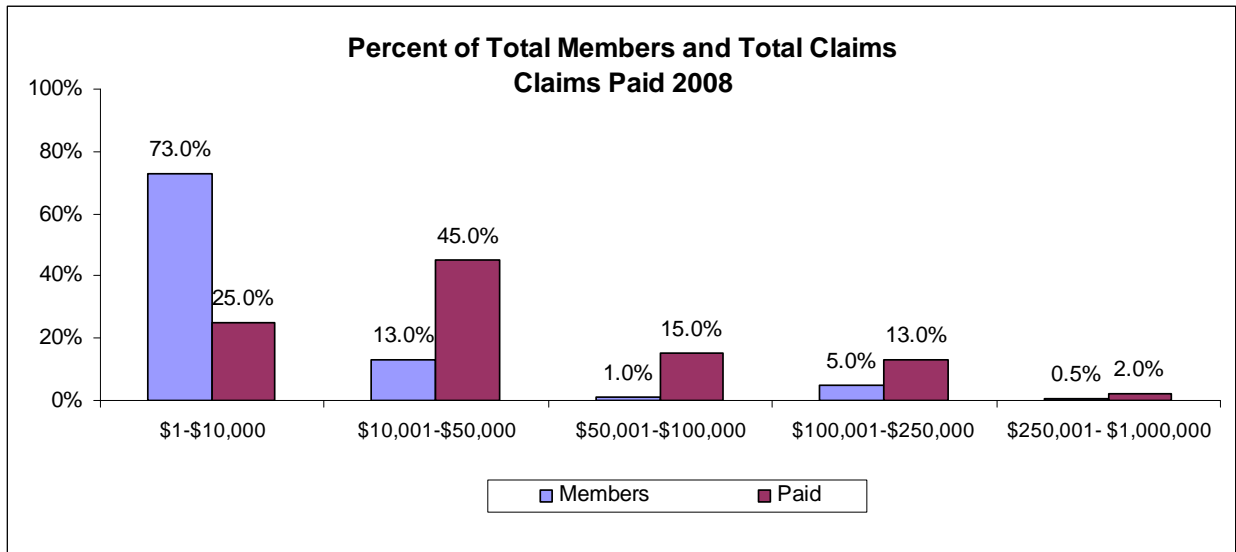
POLICYHOLDERS BY CLAIMS PAID

Claims Paid	Number of Policyholders					
	2004	2005	2006	2007	2008*	
\$0	1,790	1,761	1,497	1,238	1,974	10%
\$1-\$10,000	15,742	16,505	16,792	15,603	14,083	73%
\$10,001-\$50,000	2,835	3,082	2,915	2,807	2,558	13%
\$50,001-\$100,000	258	325	356	309	268	1%
\$100,001-\$250,000	79	82	100	100	106	.5%
\$250,001-\$1,000,000	4	8	9	12	8	< .5%

**This column includes policyholder benefits (Medical and Pharmacy) paid in 2007 with dates of service in 2007 and prior. Accordingly, the total number of policyholders identified in this column will not equal with the total number of policyholders active in HIRSP during 2007. Since this table includes service dates prior to 2007, this table cannot be utilized to quantify the number of active policyholders meeting their deductibles in 2007.*

1 Million Lifetime Maximum Met	
Year	Number Policyholders
2008	1
2007	2
2006	1
2005	None

The table below shows that approximately two percent of policyholders accounted for 30% of claims paid in 2008.



Policyholders Not Meeting Deductible

Although HIRSP policyholders as a group are considered to be high-risk, many have health conditions that are currently under control with relatively low medical expenses. Other high-risk policyholders have episodes of high costs, while a third subset of policyholders require on-going and sometimes, very high cost treatment. Policyholders with low medical costs or intermittent episodes of high costs help explain why many policyholders do not meet their deductible each year.

HIRSP Policyholders Not Meeting Deductible in 2008 By Age				
Age	2008 Enrollees	Not Meeting Deductible		Percent Not Meeting Deductible by Age
		Count	Percent	
<20	552	520	4%	94%
20-24	624	477	3%	76%
25-29	736	533	4%	72%
30-34	508	359	2%	71%
35-39	883	619	4%	70%
40-44	1,190	856	6%	72%
45-49	2,041	1,458	10%	71%
50-54	2,884	2,039	14%	71%
55-59	3,881	2,866	19%	74%
60-64	5,448	4,043	27%	74%
65+	1,443	1,051	7%	73%
Total	20,190	14,821	100%	73%

Year	Percent not Meeting Deductible
2008	73%
2007	73%
2006	60%

Paid Claim Summary

By type of service, prescription drugs remain a very large cost driver for HIRSP. In 2008, HIRSP incurred over \$36 million in prescription drug claims representing approximately 32% of total claims. Adding medical claims for injectable drugs, brings total drug spending to just over \$42 million or 37% of total claim costs. HIRSP claims were highest for diseases and disorders of the musculoskeletal system and connective tissue (18% of total claims incurred) and diseases and disorders of the circulatory system (15%).

The following tables provide additional detail on claim costs by type of service, diagnosis and the top 20 claims paid in calendar year 2008.

TYPE OF SERVICE
Medical and Pharmacy Claims
Incurred 1/2008-12/2008 Paid thru 3/2009

Rank	Type of Service	Total Paid	% of Total
1	PRESCRIPTION DRUGS	\$36,271,292	32%
2	SURGERY	\$26,648,630	23%
3	OUTPATIENT FACILITY OTHER	\$9,918,018	9%
4	INPATIENT FACILITY OTHER	\$8,303,278	7%
5	RADIOLOGY	\$7,831,937	7%
6	INJECTABLE DRUGS	\$5,817,570	5%
7	PROFESSIONAL OTHER	\$5,060,342	4%
8	PATHOLOGY	\$3,572,614	3%
9	OFFICE VISIT	\$2,514,362	2%
10	PSYCH/AODA	\$1,897,562	2%
11	DURABLE MEDICAL EQUIPMENT	\$1,771,854	2%
12	THERAPIES	\$1,591,128	1%
13	EMERGENCY ROOM	\$973,852	1%
14	ANESTHESIA	\$944,894	1%
15	MATERNITY	\$509,612	< .5%
16	AMBULANCE	\$495,960	< .5%
17	CHIROPRACTIC	\$236,084	< .5%
18	DENTAL	\$9,613	< .5%
	Total	\$114,368,600	

MAJOR DIAGNOSTIC CATEGORY
Medical Claims
Incurred 1/2008-12/2008 Paid thru 3/2009

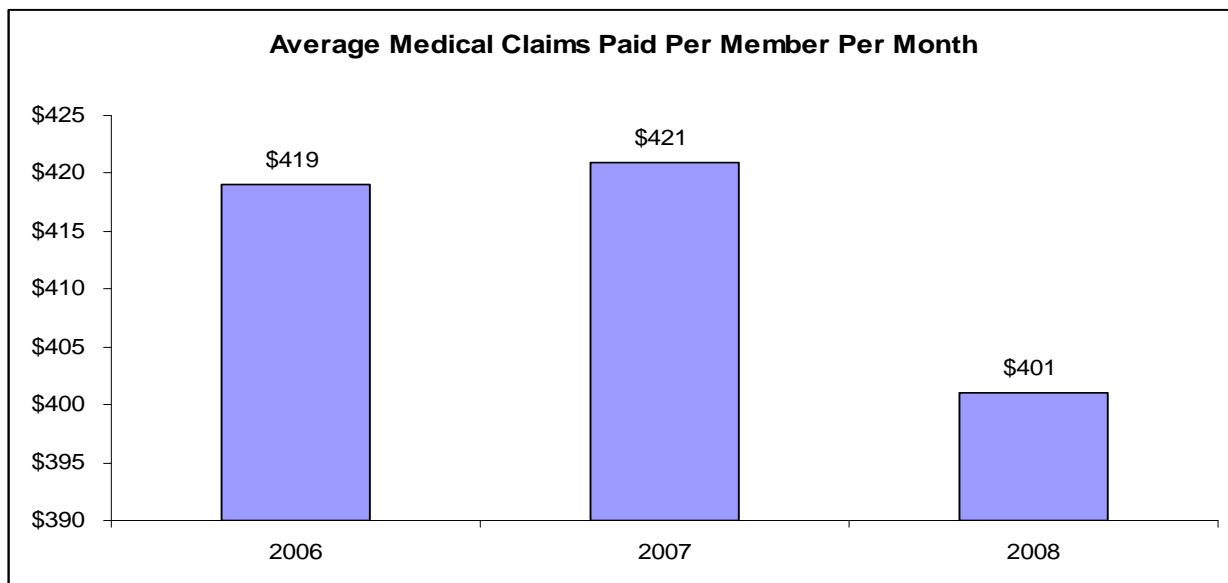
Major Diagnostic Category	Total Paid	% of Total
DISEASES AND DISORDERS OF THE MUSCULOSKELETAL SYSTEM AND CONNECTIVE TISSUE	\$13,975,077	18%
DISEASES AND DISORDERS OF THE CIRCULATORY SYSTEM	\$11,989,672	15%
DISEASES AND DISORDERS OF THE DIGESTIVE SYSTEM	\$7,670,387	10%
DISEASES AND DISORDERS OF THE RESPIRATORY SYSTEM	\$4,720,472	6%
FACTORS INFLUENCING HEALTH STATUS AND OTHER CONTACTS WITH HEALTH SERVICES	\$4,525,846	6%
MYELOPROLIFERATIVE DISEASES AND DISORDERS, AND POORLY DIFFERENTIATED NEOPLASMS	\$4,509,327	6%
DISEASES AND DISORDERS OF THE NERVOUS SYSTEM	\$4,377,382	6%
DISEASES AND DISORDERS OF THE SKIN, SUBCUTANEOUS TISSUE AND BREAST	\$4,299,960	6%
ENDOCRINE, NUTRITIONAL AND METABOLIC DISEASES AND DISORDERS	\$3,153,479	4%
DISEASES AND DISORDERS OF THE KIDNEY AND URINARY TRACT	\$2,969,985	4%
DISEASES AND DISORDERS OF THE HEPATOBILIARY SYSTEM AND PANCREAS	\$2,890,647	4%
DISEASES AND DISORDERS OF THE BLOOD AND BLOOD FORMING ORGANS AND IMMUNOLOGICAL	\$2,113,038	3%
DISEASES AND DISORDERS OF THE EAR, NOSE, MOUTH AND THROAT	\$1,730,099	2%
MENTAL DISEASES AND DISORDERS	\$1,582,671	2%
DISEASES AND DISORDERS OF THE FEMALE REPRODUCTIVE SYSTEM	\$1,522,367	2%
INFECTIOUS AND PARASITIC DISEASES	\$1,489,562	2%
DISEASES AND DISORDERS OF THE EYE	\$1,126,606	1%
INJURIES, POISONINGS AND TOXIC EFFECTS OF DRUGS	\$809,000	1%
UNGROUPABLE	\$575,933	1%
PREGNANCY, CHILDBIRTH AND THE PUERPERIUM	\$575,614	1%
DISEASES AND DISORDERS OF THE MALE REPRODUCTIVE SYSTEM	\$527,563	1%
ALCOHOL/DRUG USE AND ALCOHOL/DRUG INDUCED ORGANIC MENTAL DISORDERS	\$454,378	1%
MULTIPLE SIGNIFICANT TRAUMA	\$246,747	< .5%
HUMAN IMMUNODEFICIENCY VIRUS INFECTIONS	\$221,168	< .5%
BURNS	\$23,798	< .5%
NEWBORNS AND OTHER NEONATES WITH CONDITIONS ORIGINATING IN PERINATAL PERIOD	\$16,534	< .5%
Total	\$78,097,309	

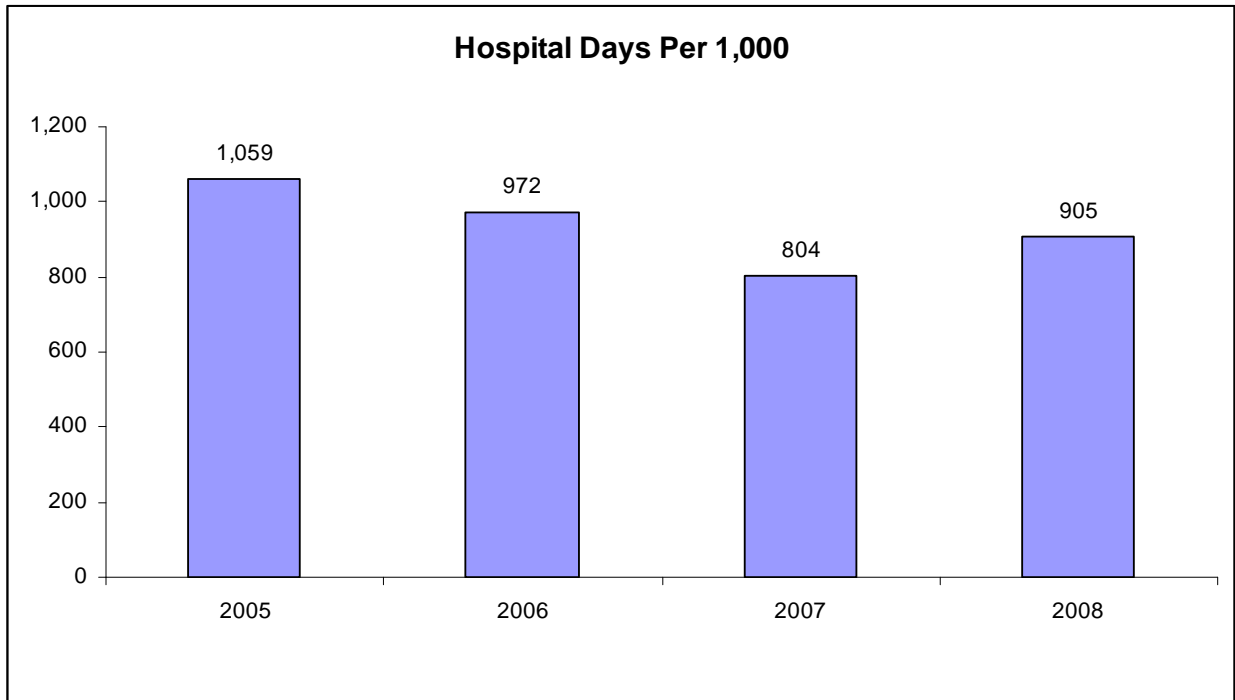
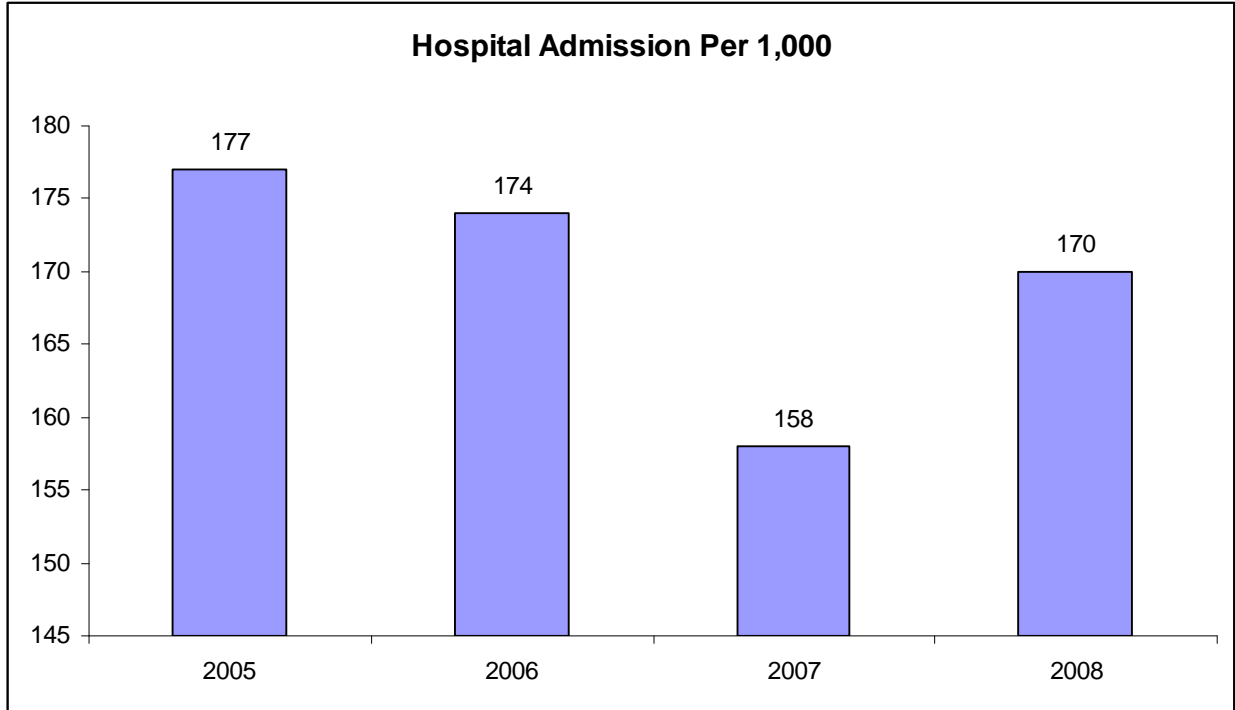
TOP 20 PAID CLAIMS
Incurred 1/2008-12/2008 Paid thru 3/2009

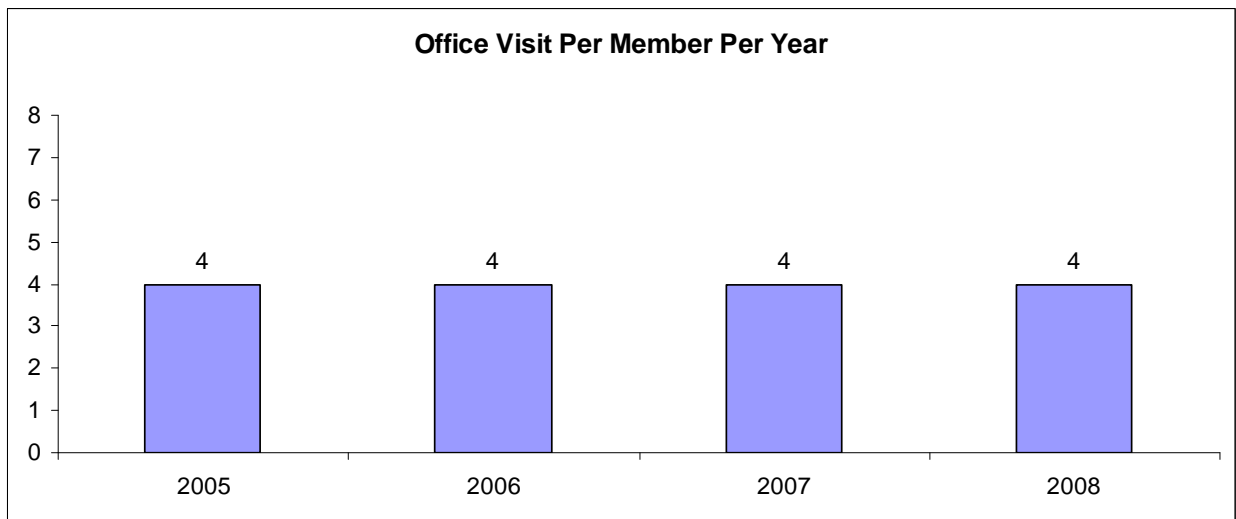
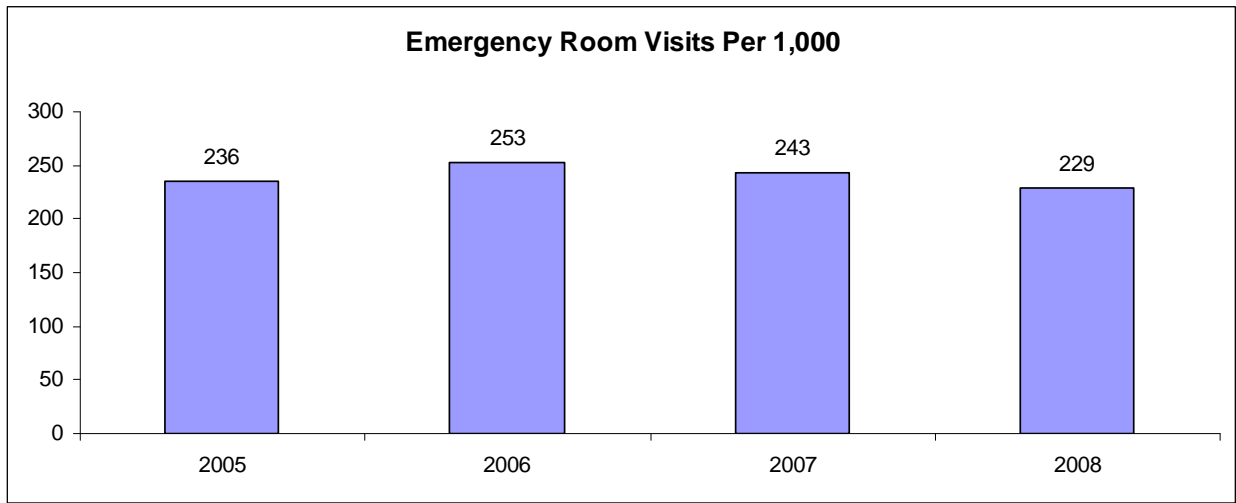
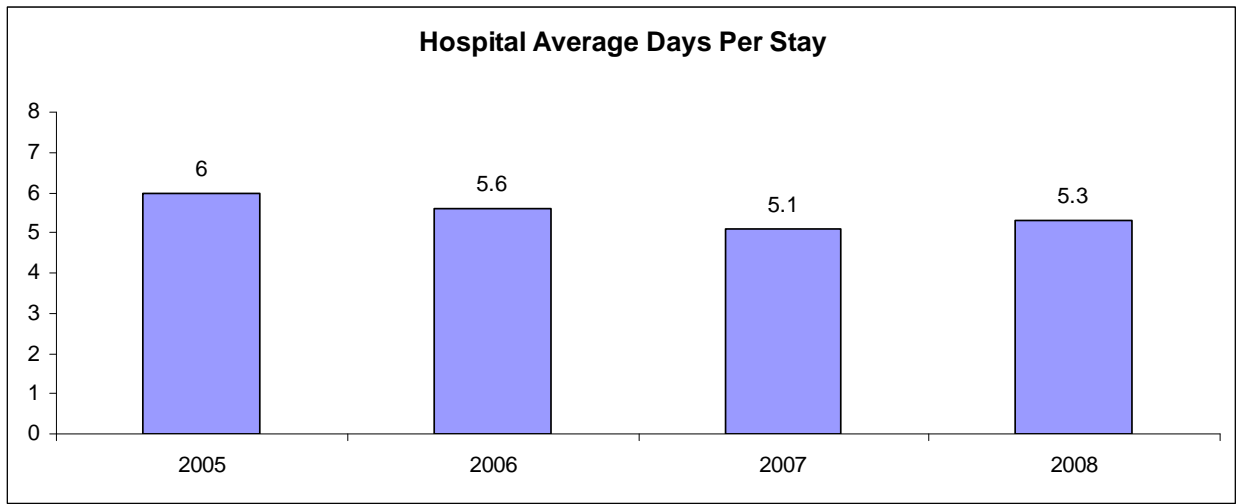
Major Diagnostic Category	Diagnosis	Amount Paid
CIRCULATORY	WEAKENING OF HEART MUSCLE	\$175,007
NERVOUS SYSTEM	BRAIN CANCER	\$155,808
MULTIPLE TRAUMA	FRACTURE SKULL WITH COMA	\$131,908
SKIN, BREAST	CONTUSION FACE/SCALP/NECK	\$131,094
RESPIRATORY	LUNG CANCER	\$113,441
CIRCULATORY	MALFUNC CARD DEV/GRF NEC	\$98,546
CIRCULATORY	HEART ATTACK	\$93,215
RESPIRATORY	ALLERGY/PNEUMONIA	\$91,823
DIGESTIVE	ATTENTION TO ILEOSTOMY	\$85,419
INFECTIONS	BLOOD INFECTION	\$81,893
INFECTIONS	BLOOD INFECTION	\$81,323
MULTIPLE TRAUMA	CLOSED HEAD INJURY/FRACTION	\$78,410
HEALTH STATUS	OTHER SPECIFIED REHABILITATION	\$78,314
RESPIRATORY	PNEUMOCOCCAL PNEUMONIA	\$77,876
CIRCULATORY	VENTRICULAR FIBRILLATION	\$75,528
CIRCULATORY	MALFUNCTION ARTIFICIAL HEART VALVE	\$74,386
CIRCULATORY	COMPLICATION OF VASCULAR DEVICE	\$70,914
MUSCULOSKELETAL	CERVICAL SPINAL NARROWING	\$69,230
RESPIRATORY	ACUTE & CHRONIC RESP FAILURE	\$67,422
CIRCULATORY	THICKENING OF CORONARY ARTERIES	\$66,486

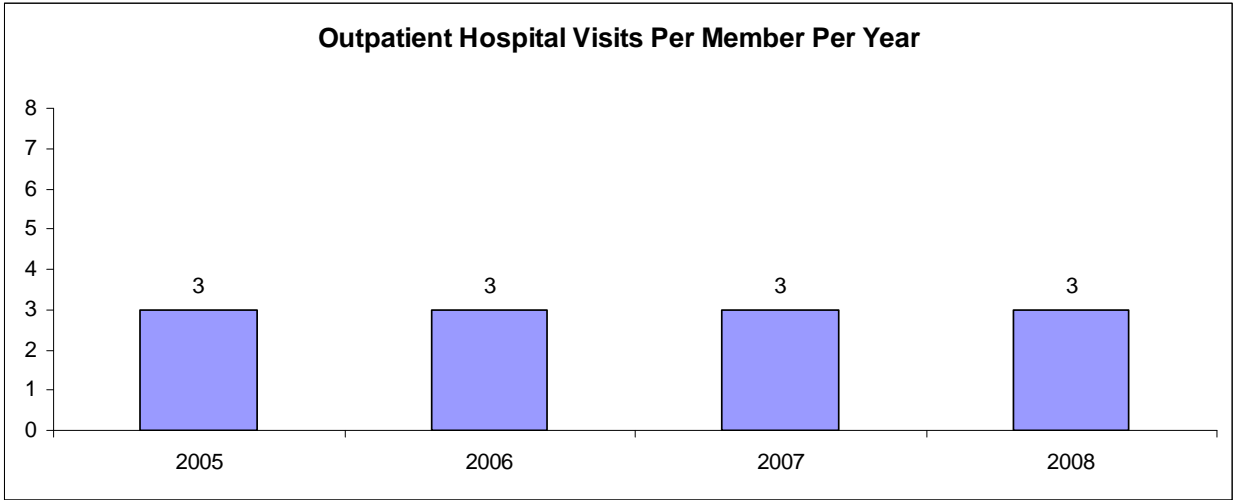
Utilization Metrics

The following series of tables represent various utilization metrics. Most of these metrics were relatively stable or improved from 2006 to 2007 with the exception of inpatient hospital utilization. In 2008, hospital admissions per 1,000 increased to 170 from 158, hospital days per thousand was up to 905 from 804 and hospital average days per stay was up from 5.1 to 5.3. Per Member Per Month medical claims cost and emergency room utilization were down in 2008 Compared to 2007.





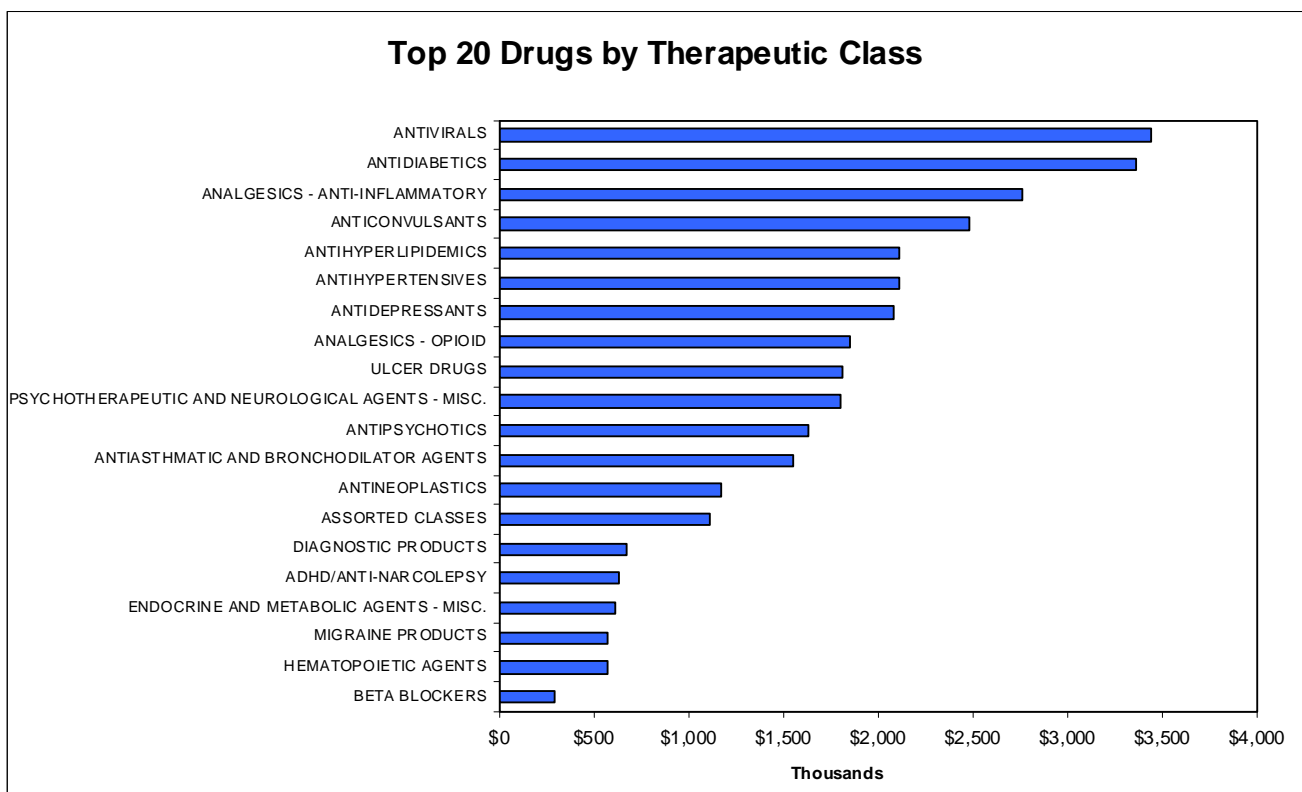




Drug Expenditures by Class

The top three classes of drugs by total expenditure were antivirals, diabetes and analgesics/anti-inflammatory medications. By number of prescriptions filled, cholesterol (54,442), high blood pressure (51,611) and antidepressant (46,382) medications were the most frequently prescribed drugs in 2008.

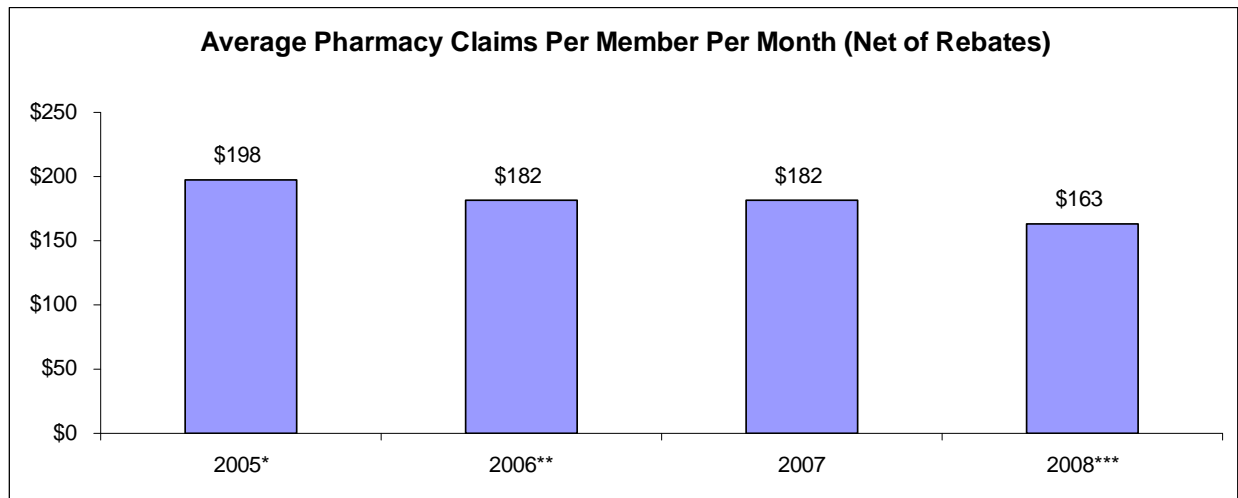
All member level utilization metrics for prescription drug utilization and cost are down in 2008 compared to 2007. HIRSP policyholders filled few prescriptions in 2008 and the per member per month cost for prescription drugs was down over 10%. An increase in generic utilization to 66% accounts for some of this decrease. In 2009, HIRSP will continue to implement new pharmacy initiatives designed to encourage even greater generic utilization where appropriate.



Additional information on denied pharmacy claims can be found in Appendix 4.

TOP 20 DRUGS BY THERAPEUTIC CLASS

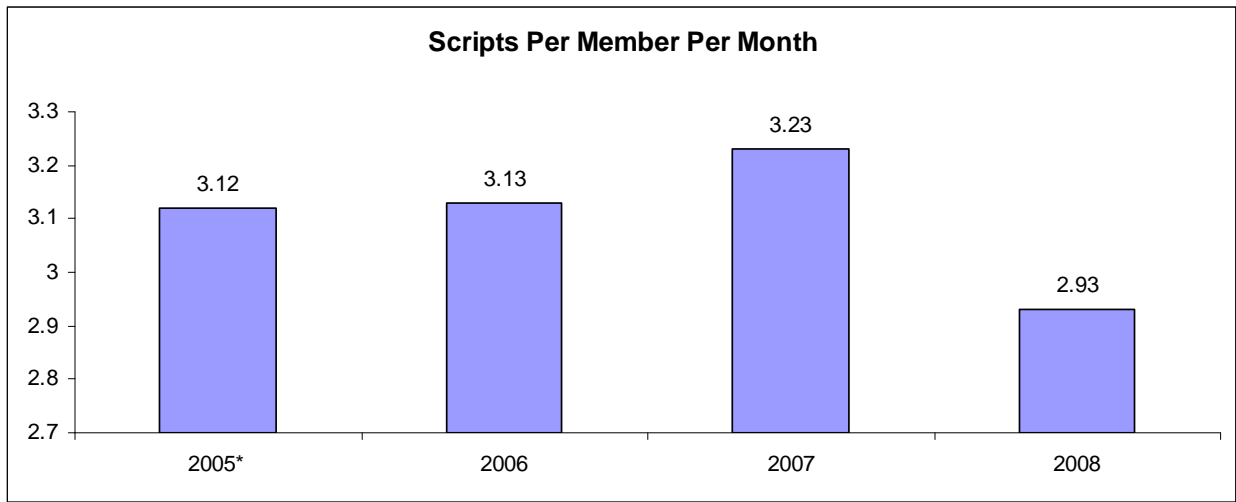
Drug Category	Description/Use
ANTIVIRALS	ANTIBIOTICS, HIV/AIDS
ANTIDIABETICS	DIABETIC AGENTS
ANALGESICS - ANTI-INFLAMMATORY	REDUCE PAIN, FEVER AND INFLAMMATION
ANTICONVULSANTS	SEIZURES
ANTIHYPERTENSIVES	HIGH CHOLESTEROL, LIPID LOWERING
ANTIDEPRESSANTS	HIGH BLOOD PRESSURE
ANALGESICS - OPIOID	DEPRESSION
ULCER DRUGS	PAIN RELIEF
PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC.	ULCER, ACID REFLUX
ANTIPSYCHOTICS	BRAIN FUNCTION DISORDERS, ALZHEIMERS DISEASE
ANTIASTHMATIC AND BRONCHODILATOR AGENTS	SCHIZOPHRENIA, PSYCHOSIS, DELUSIONAL DISORDER
ANTINEOPLASTICS	ASTHMA, CHRONIC OBSTRUCTIVE PULMONARY DISEASE (COPD)
ASSORTED CLASSES	INHIBIT THE DEVELOPMENT OF TUMORS
DIAGNOSTIC PRODUCTS	NO CATEGORY ASSIGNED
ADHD/ANTI-NARCOLEPSY	DIABETIC SUPPLIES
ENDOCRINE AND METABOLIC AGENTS - MISC.	STIMULANTS
MIGRAINE PRODUCTS	STIMULATE HORMONES TO REGULATE METABOLISM, GROWTH
HEMATOPOIETIC AGENTS	MIGRAINES
BETA BLOCKERS	BLOOD DISORDERS
	HEART PALPITATION, HEART ATTACK



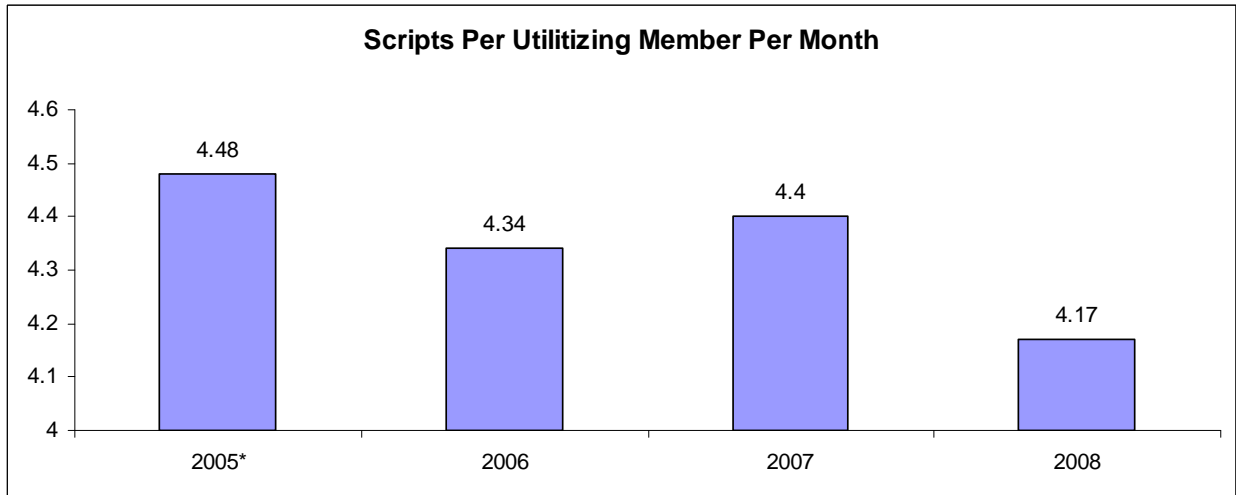
*2005 data based on utilization from 4/1/05-12/31/05 since PBM changed effective 4/1/05.

**Implemented the SPAP for Medicare eligible policyholders 7/1/06, at that time HIRSP began paying claims as the secondary payor for Medicare eligible policyholders.

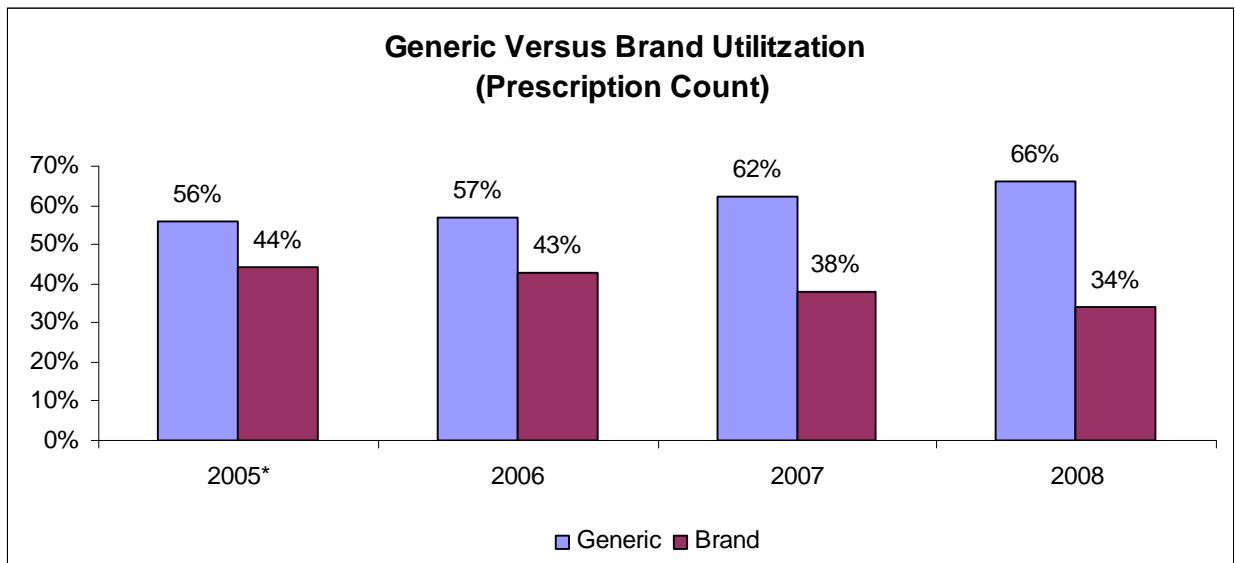
***Estimated Rebate total based on amounts filed for 2007 & 2008.



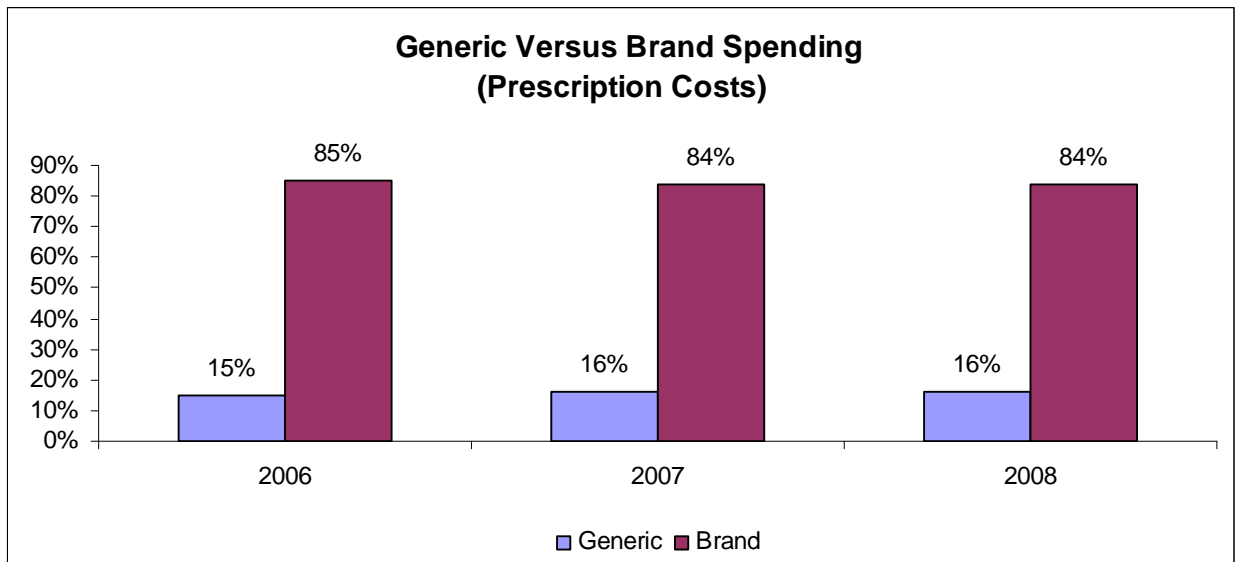
**2005 data based on utilization from 4/1/05-12/31/05 since PBM changed effective 4/1/05*



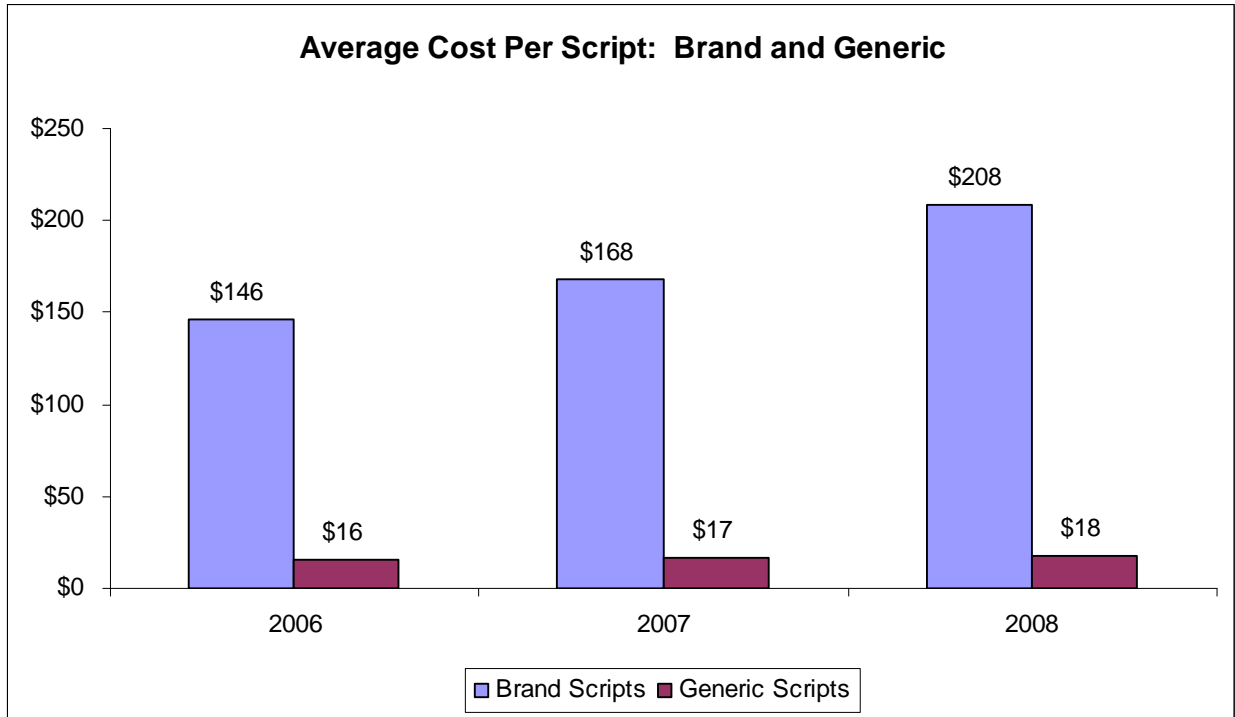
**2005 data based on utilization from 4/1/05-12/31/05 since PBM changed effective 4/1/05.*



**2005 data based on utilization from 4/1/05-12/31/05 as data from previous PBM was inaccurate.*



Percent generic utilization has shown significant growth over the past five years, reaching 66% in 2008. HIRSP is continuing to implement new pharmacy initiatives designed to encourage greater generic utilization where appropriate. Even with these efforts, brand name drugs still account for 84% of total drug spending. This is due in part to relatively flat costs for generic drugs but increasing costs for prescription drugs.



Appeals and Grievance Reports

Grievances

Type of Grievance		# of Grievances
	Drug & Drug Formulary	44
	Enrollment/Eligibility Requirements	226
	Not Covered Benefit	101
	Not Medically Necessary	39
	Plan Administration	133
	Prior Authorization	37
	Experimental Treatment	14
	Billing/Claim Processing	12
Grievance Committee Decision		
	Closed Prior to Committee	12
	Approved	312
	Upheld Denial	259
	Partial Approval	23
Total Grievances Received		606

Appeals

Type of Appeal		# of Appeal
	Drug & Drug Formulary	2
	Enrollment/Eligibility Requirements	12
	Experimental Treatment	1
	Not Medically Necessary	8
	Plan Administration	10
	Not Covered Benefit	12
	Prior Authorization	7
	Billing/Claim Processing	2
Appeal Committee Decision		
	Closed Prior to Committee	1
	Approved	18
	Upheld Denial	26
	Upheld Denial with IRO Rights	8
	Partial Approval	1
Total Appeals Received		54

Note: Majority of eligibility requests were related to policyholders wanting to term coverage prior to the grace period.

HIRSP Cumulative IRO Activity

	2007	2008		2007	2008
IRO Requests	11	5	IRO Fees	\$7,295	\$3,425
Ineligible Requests	1	0	Benefits Paid	0	930
Overtured	1	1			
Upheld	9	4			
Eligible Requests	10	5	Case Costs	\$7,295	\$4,355

Appendix 1

HIRSP Authority Board of Directors Membership Roster as of January 1, 2008

Members	Organization Represented
Dennis Conta, Chair Conta and Associates	Public Member
Dr. Michele Bachhuber Marshfield Clinic	Wisconsin Medical Society Representative
Jay Fulkerson United Healthcare of Wisconsin, Inc.	Insurer Representative
Michael Gifford AIDS Resource Center of Wisconsin	Health Care Provider Representative
Dianne Greenley Disability Rights of Wisconsin	Consumer Advocate
Patricia Jerominski Independent Health Care Plan	Insurer Representative
Joe Kachelski Wisconsin Hospital Association, Inc	Wisconsin Hospital Association Representative
Wayne MacArdy Phillips Pharmacies	Pharmacy Society of Wisconsin Representative
Eileen Mallow Office of the Commissioner of Insurance	Commissioner of Insurance Designee
Carol Peirick Wisconsin Education Association	Insurer Representative
Deborah Severson Realityworks, Inc.	Small Business Representative
Luann Simpson	Policyholder Representative
Annette Stebbins	Policyholder Representative
Larry Zaroni Group Health Cooperative-South Central Wisconsin	Insurer Representative

Appendix 2

HIRSP PLAN ANNUAL PREMIUM RATES Full Premium Rates Rates Effective April 1, 2008

HIRSP 1,000

Age	Males		
	Zone 1	Zone 2	Zone 3
0-18	\$3,528	\$3,420	\$3,048
19-24	3,528	3,420	3,048
25-29	3,708	3,564	3,168
30-34	4,284	4,116	3,648
35-39	5,040	4,836	4,308
40-44	6,072	5,868	5,232
45-49	7,392	7,392	6,708
50-54	8,916	8,928	8,928
55-59	10,896	10,896	10,908
60 +	13,248	13,236	13,236

Age	Females		
	Zone 1	Zone 2	Zone 3
0-18	\$3,468	\$3,420	\$3,048
19-24	4,416	4,248	3,780
25-29	4,980	4,776	4,248
30-34	5,700	5,448	4,848
35-39	6,636	6,384	5,700
40-44	7,680	7,428	6,624
45-49	8,676	8,664	7,740
50-54	9,612	9,600	9,252
55-59	10,668	10,668	10,668
60 +	11,268	11,268	11,280

HIRSP 2,500

Age	Males		
	Zone 1	Zone 2	Zone 3
0-18	\$1,872	\$1,788	\$1,716
19-24	1,872	1,788	1,716
25-29	1,932	1,848	1,788
30-34	2,244	2,148	2,064
35-39	2,592	2,472	2,364
40-44	3,144	3,000	2,868
45-49	3,996	3,816	3,648
50-54	5,232	4,992	4,740
55-59	6,780	6,456	6,132
60 +	8,568	8,148	7,728

Age	Females		
	Zone 1	Zone 2	Zone 3
0-18	\$1,812	\$1,764	\$1,716
19-24	2,280	2,208	2,160
25-29	2,520	2,448	2,388
30-34	2,892	2,808	2,748
35-39	3,312	3,216	3,156
40-44	3,840	3,732	3,648
45-49	4,452	4,296	4,200
50-54	5,160	4,992	4,848
55-59	5,904	5,688	5,544
60 +	6,768	6,504	6,324

HIRSP HSA 3,500

Age	Males		
	Zone 1	Zone 2	Zone 3
0-18	\$1,620	\$1,536	\$1,464
19-24	1,620	1,536	1,464
25-29	1,668	1,584	1,536
30-34	1,932	1,860	1,776
35-39	2,232	2,124	2,028
40-44	2,700	2,580	2,472
45-49	3,444	3,288	3,132
50-54	4,488	4,284	4,068
55-59	5,832	5,556	5,268
60 +	7,368	7,008	6,648

Age	Females		
	Zone 1	Zone 2	Zone 3
0-18	\$1,560	\$1,512	\$1,488
19-24	1,968	1,896	1,860
25-29	2,160	2,112	2,052
30-34	2,484	2,412	2,352
35-39	2,856	2,760	2,712
40-44	3,312	3,204	3,132
45-49	3,828	3,696	3,612
50-54	4,440	4,284	4,164
55-59	5,088	4,896	4,764
60 +	5,820	5,592	5,448

HIRSP – 2008 Annual Report

HIRSP 5,000

Age	Males		
	Zone 1	Zone 2	Zone 3
0-18	\$1,368	\$1,296	\$1,248
19-24	1,368	1,296	1,248
25-29	1,416	1,356	1,308
30-34	1,644	1,572	1,512
35-39	1,896	1,800	1,728
40-44	2,292	2,184	2,112
45-49	2,928	2,796	2,652
50-54	3,816	3,636	3,456
55-59	4,956	4,716	4,488
60 +	6,252	5,952	5,652

Age	Females		
	Zone 1	Zone 2	Zone 3
0-18	\$1,320	\$1,284	\$1,260
19-24	1,668	1,608	1,572
25-29	1,848	1,788	1,752
30-34	2,112	2,052	2,004
35-39	2,424	2,352	2,304
40-44	2,808	2,724	2,652
45-49	3,240	3,132	3,072
50-54	3,768	3,636	3,540
55-59	4,308	4,164	4,056
60 +	4,944	4,752	4,620

HIRSP Medicare Supplement

Age	Males		
	Zone 1	Zone 2	Zone 3
0-18	\$1,404	\$1,272	\$1,128
19-24	1,404	1,272	1,128
25-29	1,848	1,656	1,476
30-34	2,124	1,908	1,704
35-39	2,508	2,268	2,004
40-44	3,048	2,748	2,436
45-49	3,624	3,252	2,892
50-54	4,416	3,972	3,528
55-59	5,292	4,764	4,248
60 +	6,348	5,712	5,076

Age	Females		
	Zone 1	Zone 2	Zone 3
0-18	\$1,404	\$1,272	\$1,128
19-24	1,944	1,752	1,560
25-29	2,472	2,220	1,980
30-34	2,700	2,436	2,160
35-39	3,324	2,988	2,664
40-44	3,780	3,408	3,024
45-49	4,356	3,924	3,492
50-54	4,920	4,428	3,936
55-59	5,424	4,884	4,344
60 +	5,880	5,292	4,704

Zone 1 = ZIP codes 532__

Zone 2 = ZIP codes 530__, 531__, 534__ and 537__

Zone 3 = All other ZIP codes

Appendix 3

MEDICAL CLAIMS DENIED

Processed Month	All Plans		Total	Denial Rate
	Paid	Denied		
January 2008	36,066	7,602	43,668	17%
February 2008	25,437	5,471	30,908	18%
March 2008	27,612	5,484	33,096	17%
April 2008	31,274	6,312	37,586	17%
May 2008	28,362	5,485	33,847	16%
June 2008	24,905	4,893	29,798	16%
July 2008	29,866	6,290	36,156	17%
August 2008	24,090	4,573	28,663	16%
September 2008	30,492	6,015	36,507	16%
October 2008	27,184	4,861	32,045	15%
November 2008	27,883	5,103	32,986	15%
December 2008	30,588	5,647	36,235	16%
Total	343,759	67,736	411,495	16%

TOP 10 REASONS FOR DENIAL Paid in 2008 (Medical Only, No Rx)

Reasons for Denial	Volume	% of Total
DUPLICATE CLAIM/SERVICE.	15,022	22%
NONCOVERED SERVICES BECAUSE THIS A ROUTINE EXAM OR SCREENING PROCEDURE DONE IN CONJUNCTION OF A ROUTINE EXAM.	6,138	9%
EXPENSE(S) INCURRED AFTER COVERAGE TERMINATED. SERVICES PROVIDED AFTER THE TERMINATION DATE, NON-COVERED	6,137	9%
SERVICES PERFORMED BY A PROVIDER WHO IS NOT MEDICAID CERTIFIED ARE NOT COVERED	5,768	9%
CLAIM DENIED/REDUCED BECAUSE CHARGES HAVE BEEN PAID BY ANOTHER PAYER AS PART OF COORDINATION OF BENEFITS.	5,043	7%
THIS IS A PREEXISTING CONDITION. MEDICAL RECORDS OBTAINED FROM YOUR PROVIDER HAVE IDENTIFIED A PRE-EXISTING CONDITION.	3,276	5%
WE WILL BE ABLE TO COMPLETE PROCESSING OF THIS CLAIM WHEN WE RECEIVE THE MEDICAL RECORDS WE REQUESTED.	2,496	4%
THIS PROCEDURE IS INCIDENTAL TO AND CONSIDERED PART OF THE PRIMARY PROCEDURE.	2,155	3%
WE NEED THE MEDICARE EXPLANATION OF BENEFITS TO PROCESS THIS CHARGE.	1,857	3%
THE PRIMARY SERVICE CODE INCLUDES THE OTHER SERVICES BILLED, THEREFORE, NO PAYMENT HAS BEEN ALLOWED FOR THE OTHER SERVICES.	1,719	3%
Total	49,611	73%

Appendix 4

Rx CLAIMS DENIED

Processed Month	Denied	% of Total
January 2008	15,826	20%
February 2008	11,654	16%
March 2008	10,368	15%
April 2008	10,325	15%
May 2008	10,763	15%
June 2008	9,858	15%
July 2008	7,745	11%
August 2008	6,141	9%
September 2008	5,637	7%
October 2008	4,771	6%
November 2008	4,129	6%
December 2008	11,007	14%
Total	108,224	13%

TOP 10 REASONS FOR DENIAL

Paid in 2008

(Rx Only, No Medical)

Top 10 Reasons for Denial	Volume	% of Total
Refill Too Soon	30,435	28%
Product/Service Not Covered	21,652	20%
Plan Limitations Exceeded	16,441	15%
Submit Bill to Other Processor or Primary Payer	13,816	13%
Missing/Invalid Dispense as Written Code (DAW)	6,711	6%
DUR Reject Error	3,612	3%
Duplicate Paid/Captured Claim	3,585	3%
Prior Authorization Required	2,948	3%
Patient Not Covered	2,782	3%
Claim Submitted Does Not Match Prior Authorization	1,473	1%
Total	103,455	96%