



**Health Insurance Risk-Sharing Plan (HIRSP) Authority
Board of Directors**

Minutes of the February 19, 2007 Meeting

Committee Members Present: Joe Kachelski, Michelle Bachhuber, Jay Fulkerson, Michael Gifford, Patricia Jerominski, Eileen Mallow, Carol Peirick, Luann Simpson, Annette Stebbins, and Larry Zanoni

Committee Members Absent: Dennis Conta, Dianne Greenley, Wayne MacArdy and Deborah Severson

Others Present: Amie Goldman, Tom Rust, Jackie Ferris, Nancy Wenzel, Paul Merline, Teri Malsch, Tom Radloff, Carrie Sather and Chris Mead

Joe Kachelski opened the meeting.

I. Introduction of New Staff and Commissioner Sean Dilweg

Joe introduced Tom Rust, the new HIRSP Authority Finance and Accounting Manager and Sean Dilweg the new Wisconsin Commissioner of Insurance.

II. Review and Approval of Minutes

Joe asked that the minutes be approved for the November 20, 2006 Board meeting. Pat Jerominski made the motion to approve the minutes seconded by Annette Stebbins. The motion was approved unanimously.

III. Pharmacy Benefit Redesign – Navitus – (Action Needed)

The option of moving from co-insurance for prescription drugs to co-payments was first considered at the January Strategic Planning Committee. The Committee expressed an interest in looking at additional options for co-payment amounts and the possibility of changing the maximum out-of-pocket amount. Navitus agreed to complete the additional analysis for consideration at today's board meeting.

Carrie Sather of Navitus presented the information, including the following overview of the current benefit design.

1. Formulary

- a. Covered-consists of Navitus Select Formulary Tier 1 and Tier 2 Drugs
 - i. Tier 1 consists of mostly generic drugs, Tier 2 consists of preferred brand and some high cost generics
 - ii. Policyholder coinsurance = 20% up to \$25
- b. Not Covered-consists of Navitus Select Formulary Tier 3 Drugs
 - i. Tier 3 consists of non-preferred drugs available through a Medical Exception Process

2. Maximum Out of Pocket (MOOP)

a. Varies by Plan

- i. Plan 1A = \$750 per year with reductions available based on income
- ii. Plan 1B = \$1,000
- iii. Plan 2 = \$125

Navitus re-priced 2006 claims using the 2007 Navitus reimbursement rates to analyze the financial impact of the potential 3 benefit designs:

- Option 1 - Tier 1=\$5 Tier 2=\$30, Tier 3=NC
- Option 2 - Tier 1=\$10, Tier 2=\$30, Tier 3=NC
- Option 3 - Tier 1=\$5, Tier 2=\$25, Tier 3=NC

These options split the currently 'covered' drugs into 2 tiers, and do not add coverage for the currently 'not covered' drugs. Tier 1 consists of mostly generic drugs, Tier 2 has preferred brand and some high cost generic drugs.

Four MOOP alternatives were used in the analysis:

- The current MOOPs.
- The current MOOPs for subsidized policyholders, and no MOOP for non-subsidized policyholders.
- \$750 MOOP for subsidized policyholders, and no MOOP for non-subsidized policyholders.
- No MOOP for all policyholders.

The rest of the presentation illustrated the fiscal impact of each of these different alternatives. The Board first discussed all the options that Navitus had presented for the MOOP. Jay Fulkerson suggested that we keep a MOOP for the subsidized policyholders and discontinue it for the non-subsidized policyholders. Jay then made a motion to change the prescription drug coverage for HIRSP to establish a \$10 co-payment for Tier 1 drugs and a \$30 co-payment for Tier 2 drugs and to eliminate the MOOP for non-subsidized policyholders. The current MOOP schedule would remain in place for subsidized policyholders. The motion was seconded by Pat Jerominski and passed unanimously.

In order to implement this change, the policy will need to be amended and approved by OCI. The new co-payments and MOOP policy will be implemented no later than January 1, 2008.

IV. Review of Monthly Financial and Enrollment Report

Amie reported on the December financial report. November was the first month the plan experienced an operating loss of just over \$1.7 million. Prior to November revenues were meeting expenses on a monthly basis. Some of the plan's surplus was used to support operating costs in November and December.

The January financials will be presented to the Finance Committee on the 20th, but the plan operated at a much smaller loss (\$136,476) for the month, which reflects the impact of starting a plan year and new deductible liability. In January the plan will also be recognizing the Federal grant, which will put the plan in the position of ending the month with net income of almost \$3.2 million dollars. At

the end of January, retained earnings are approximately \$3 million dollars higher than they were in December and we are about \$9 million dollars over budget.

V. **Reporting of WPS Performance Standards**

During the fourth quarter of 2006, WPS did not meet three of the contractual performance standards. The associated liquidated damages for the quarter were \$3,500. In the first month of 2007, WPS has met all of the measures. Amie commented that these performance measures do not reflect the overall high level of service provided by WPS. Evaluating these standards will be a necessary component in planning for the next plan administrator procurement.

VI. **Complaints, Grievance and IRO Monthly Report**

Appeals and grievance summaries for the fourth quarter of 2006 and the entire calendar year were distributed. The top four appeal and grievance categories for the year were “enrollment/eligibility,” “not medically necessary,” “not covered benefit” and “plan administration”. For the year, there were also eleven IRO requests of which nine were upheld and two were overturned.

Questions were raised during the November 20, 2006 Board meeting regarding appeals and grievances that were reported as “compromised”. A summary of those appeals and grievances was distributed to the Board.

VII. **Update on Governor’s Budget – Amie Goldman**

Amie presented a summary of the items relating to HIRSP that are in the Governor’s 2007-09 biennial budget. The eight items included:

- **WRS Participation.** Allow HIRSP Authority staff to participate in the Wisconsin Retirement System.
- **Pharmacy Network.** Allow HIRSP to establish its own pharmacy network that includes, at a minimum, all Wisconsin Medicaid certified providers.
- **Low-Income Subsidy.** Allow individuals eligible for the low-income subsidy program to apply the premium and deductible subsidy to any plan offered by HIRSP
- **Definition of Group Coverage.** Allow the HIRSP Authority Board of Directors to define exceptions to the definition of employer-sponsored coverage for the purposes of determining HIRSP eligibility.
- **Investment Policy.** Allow the HIRSP Authority to invest the plan’s assets with the State of Wisconsin Investment Board (SWIB)
- **OCI Appropriations.** Allow the HIRSP Authority to receive HIRSP insurer assessments directly from the insurers. Allow the HIRSP Authority to receive federal high-risk federal grant funds directly from the federal government. Delete the Office of the Commissioner of Insurance (OCI) appropriations created for OCI to receive insurer assessments and federal grant funds on behalf of the Authority.
- **Medicaid Payment Rates.** Remove the requirement that HIRSP provider payment rates be calculated as Medicaid enhanced rates. Maintain the statutory requirement that provider payment rates be adjusted such that providers fund 20% of the plan costs.
- **HCTC Plan.** Require the Health Coverage Tax Credit (HCTC) Plan Administrator and HIRSP Plan Administrator to be the same entity.

Amie reported new information on the ability for HIRSP to implement mail order pharmacy options. The Wisconsin statutes prohibit certain types of insurers (including HIRSP) from doing two things: 1) not letting policyholders choose to opt out of mail order pharmacy programs if the retail pharmacy that they want to go to agrees to dispense the drug at the same price as the mail order pharmacy; and 2) establishing incentives related to co-payments and or deductibles that only apply to policyholders using mail order pharmacies. For example, under this statute, HIRSP could not charge mail order participants two months of co-payments for three months of drugs. Health maintenance organizations (HMO), preferred provider organizations (PPO) are exempt from this statute.

The possibility of seeking a legislative change to treat HIRSP like an HMO or PPO and exempt HIRSP from these requirements was discussed and referred to the Legislative Committee.

Three other budget items related to HIRSP were presented:

- **HIV/AIDS Health Insurance Premium Program**

Under the Governor's budget, a three year pilot program is authorized to allow up to 100 uninsured individuals with HIV or AIDS to participate in the state's HIV/AIDS Health Insurance Premium Program, which pays HIRSP premiums on behalf of eligible individuals.

- **Childless Adults Pilot Project**

The Governor's budget directs DHFS to seek a federal waiver to allow childless adults with income under 200% of the federal poverty level to receive health care services under Medicaid. For 2007, 200% of the FPL for an individual is \$20,420 and \$27,380 for a family of two. The budget also specifies that individuals who have had HIRSP coverage in the six months prior to application for the waiver program would not be eligible to participate. The budget also specifies that individuals who are eligible for the waiver would not be ineligible for HIRSP.

Amie has talked with the Department of Administration (DOA) to understand the purpose of this provision that would have the effect of limiting the HIRSP subsidy population's ability to take advantage of the Medicaid waiver. DOA expressed that the provision was intended to address a concern that the Medicaid expansion could pull a significant number of low-cost policyholders from HIRSP, thereby disrupting the current risk profile for the population. Subsequently, staff reviewed per member per month cost data and determined that the exodus of the subsidy population to Medicaid would not have this impact.

Before adding this item to the HIRSP legislative agenda, it was agreed that Authority staff should discuss the issue in greater detail with DOA and the Department of Health and Family Services (DHFS) to fully understand their perspective. Although the Board did agree that the policy as proposed in the budget was unfair in that it would prevent low-income individuals who had "done the right thing" by enrolling in HIRSP from accessing comprehensive, low-cost health care coverage through Medicaid.

- **State Minimum Mandate for Mental Health and Substance Abuse Treatment**

The Governor's budget increases the minimum mandate for mental health and substance abuse treatment. This is of immediate interest as the Board and Authority staff continue to evaluate the current HIRSP mental health benefit design. If enacted, the new mandate would also apply to HIRSP.

Amie passed out to the Board members a copy of the Informational Paper titled "Health Insurance Risk-Sharing Plan" published by the Wisconsin Legislative Fiscal Bureau.

VIII. Committee Reports

Finance Committee

Joe reported that the committee had met January 15, 2007 and it is in the process of building a budget for July 1, 2007 thru December 31, 2007. The Committee will also be working on setting the premium rates for July 1st.

Consumer Committee

The Consumer committee met January 18, 2007 and discussed:

- Website feedback
- Future Newsletter articles
- Next steps for the new advisory council
- Medicaid eligibility requirements
- Changes to the mental health and substance abuse benefit

Strategic Planning Committee

The Strategic Planning committee met on January 25, 2007 and discussed:

- Pharmacy benefit design
- Definition of coverage for HIRSP eligibility
- Balance billing protections for medically unnecessary services
- Confirmation of Medicaid eligibility requirements
- Low-income subsidy program
- Updates on disease management

Legislative Committee

Mike Gifford discussed the legislative visits that Joe, Pat, Mike and Amie had made to the following legislative offices: Senator Judy Robson, Senator Jon Erpenbach, Senator Roger Breske, Representative Mike Huebsch, Representative Leah Vukmir, Representative Frank Lasee, Representative Kitty Rhoades and Senator Russ Decker. All of the legislators and their staff expressed appreciation for the information provided during the visits.

IX. Other Business – Joe Kachelski

Joe announced that the primary agenda item for the next Board meeting would be the budget.

Amie raised an issue recently brought to her attention by a policyholder. At the current time our policy does not cover the prostate specific antigen (PSA) test. Amie did some research and found that Medicare does cover this test as does WPS under their individual policies. The Board discussed the issued.

Jay made the motion to cover PSA screening for males over 50 years of age. Mike seconded the motion.

Those in favor of the motion: Joe Kachelski, , Jay Fulkerson, Michael Gifford, Patricia Jerominski, Eileen Mallow, Carol Peirick, Luann Simpson, Annette Stebbins, and Larry Zanoni

Those opposed to the motion: Michelle Bachhuber

The motion passed.

Meeting adjourned.