



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

June 18, 2007

Board Members Present: Dennis Conta, Michael Gifford, Dianne Greenley, Patricia Jerominski, Joe Kachelski, Wayne MacArdy, Eileen Mallow, Luann Simpson, Annette Stebbins, and Larry Zaroni

Board Members Absent: Michelle Bachhuber, Jay Fulkerson, Carol Peirick and Deborah Severson

Other Present: Amie Goldman, Josh Weisbrod, Tom Rust, Jackie Ferris, Judy Wanless, Chris Mead, Tom Radloff, Ann Fleming, Mark Eisenmann, Nancy Wenzel, Marcia Zimmer, Cindy Simon, Jennifer Stegall, Linda Willsey, and Tim Engels

Dennis Conta called the meeting to order.

I. Review and Approval of Minutes

The minutes from the April 16th meeting of the Board were presented for approval. Dianne Greenley noted an error in the first table on page 4. The second to the last line should read "Plan 2 Subsidized". The Board unanimously approved the corrected minutes.

II. Conflict of Interest Policy and Board Member Code of Conduct

Dennis asked that the agenda items, Conflict of Interest Policy and Code of Conduct be discussed at the same time. He reported that the Executive Committee is still working on drafts of both policies. It is expected that the Executive Committee will merge the two documents and make some additional revisions before bringing them to the full Board for approval.

III. Provider Contribution for Pharmacies

Joe Kachelski explained that prior to 2005 Wisconsin Act 74 (Act 74), Chapter 149 of the statutes prohibited reductions in payments to pharmacies to fund HIRPS costs. This statutory protection was repealed by Act 74, effective January 1, 2007. Therefore, Chapter 149 no longer makes a distinction between medical and pharmacy providers in its requirement that providers who render services or articles to HIRSP policyholders are paid reduced rates in order to fund HIRSP plan costs.

Since the change was effective 1/1/07, it is not reflected in the July 1, 2006 through June 30, 2007 budget. However, the statutes now permit HIRSP to adjust payments to all providers in order to fund the plan for the upcoming budget year – July 1, 2007 through December 31, 2007 – and beyond.

While the statutes require total provider payment rate adjustments to equal 20% of plan costs and 50% of subsidy costs, the statutes do provide some flexibility on how the adjustments are established. For example, the Authority could continue to adjust rates paid for all medical services and not adjust payments to pharmacies. However, this policy has been criticized as inequitable as it treats some classes of providers differently than others. It has been long argued that pharmacies should bear responsibility for funding HIRSP no different than physicians, hospitals and clinics. Act

74 opened the door for the Authority to consider alternatives that would shift some of the responsibility currently borne by medical providers to pharmacies.

Over the course of two meetings, the Finance and Audit Committee reviewed a number of options for capturing “provider contribution” from pharmacies. The Committee recommends that in establishing the annual HIRSP budget, expected pharmacy costs are calculated in two ways: (1) assuming Medicaid pricing; and (2) assuming Navitus/HIRSP contracted pricing. One-half of the difference between these two estimates would be counted as HIRSP plan costs and credited to pharmacies as “provider contribution.” The policy would be in effect as long as Medicaid pharmacy rates exceed HIRSP pharmacy rates.

The impact of the proposed policy would be to increase HIRSP plan costs higher than what would otherwise be budgeted, although plan costs would still be less than they would have been if Medicaid pricing for drugs were the basis for HIRSP drug pricing. It should also be noted that the estimated level of pharmacy contribution (\$822,604) under this proposal is well below the pharmacies’ proportionate share of provider contribution, which would likely exceed \$10 million for calendar year 2008.

The Board discussed the issue. Mike Gifford suggested going back to the legislature and asking them to reverse the Act 74 change that allows reductions in payments to pharmacies to fund HIRSP costs. Amie indicated that she didn’t feel this was necessary because under current statutes, the Board can decide how to allocate provider contribution among providers including pharmacies. Mike asked if HIRSP could continue to adjust rates paid for all medical services and not adjust payments to pharmacies. Amie said the Board could continue to administer the provider contribution as it is currently administered.

A motion was made by Pat Jerominski to accept the recommendation presented. The motion was seconded by Joe Kachelski. Dennis asked if there was any discussion on the motion. Mike Gifford asked the Board to vote no on the motion as it would result in increased premiums for policyholders. Dianne Greenley supported Mike’s position. Dennis asked Jackie Ferris to call the roll which was done. Joe Kachelski, Pat Jerominski and Dennis Conta voted for the motion. Mike Gifford, Dianne Greenley, Luann Simpson and Annette Stebbins voted against the motion. Larry Zanoni abstained from the vote. The count was 3 votes for, 4 votes against and 1 abstention. The motion failed.

IV. High Deductible and Health Savings Account Qualified Plans

Amie reported that policyholders and legislators have requested that HIRSP offer an HSA plan and a higher deductible plan with lower premiums. The Finance Committee reviewed two new plan options and recommended that effective January 1, 2008 HIRSP begin offering a \$5,000 deductible plan and a \$3,500 health savings account qualified plan. The two new proposed plans are shown below.

The committee discussed the addition of the two new plans. It was noted that there is some budgetary risk in the first year of offering the new plans because of the uncertainty around how many new individuals will join HIRSP as a result of the change and how many policyholders will switch from an existing plan to a new plan. However, the Board felt that this risk was offset by the benefits of providing more choices for current and potential policyholders.

A motion was made by Wayne MacArdy and seconded by Joe Kachelski to offer a \$5,000 deductible plan and a \$3,500 health savings account plan effective January 1, 2008. The motion passed unanimously.

V. Medicaid Eligibles and Plan 1 Enrollment

Amie reported that in reviewing Chapter 149 of the Statutes, she recognized the policy inherited from the previous Board which allowed Medicare eligibles to opt out of either Part B or Part D and enroll in Plan 1A or Plan 1B is out of compliance with state law. The Executive Committee reviewed the issue and recommended that effective January 1, 2008 Medicare eligibles will be limited to Plan 2 enrollment and will be required to enroll in all parts of Medicare for which they are eligible. Current policyholders that are affected by this change would be notified this fall. The Committee recommended that all new policyholder would be required to comply at the time of enrollment.

Pat Jerominski made a motion to accept the recommendation from the Executive Committee. Larry Zanoni seconded the motion and it passed unanimously.

VI. Consumer Advisory Council Nominations

Josh Weisbrod presented the Consumer Advisory Council nominations. There were 21 applicants and 8 candidates were selected after they were matched against the following selection criteria:

1. Geography (Distribution and Urban/Rural)
2. Farmer/Small Business Representative
3. Insurance Industry Representative
4. Financial Representative
5. Ideas provided by applicants to generate feedback from policyholders
6. Demographics (male/female representation, age distribution – where possible)
7. Ability to attend meetings in Madison and familiarity with HIRSP.

Josh asked that the Board review the 8 nominations and then vote to invite these eight to be members of the new Consumer Advisory Council.

Wayne MacArdy made a motion to invite the eight nominations to be members of the Consumer Advisory Committee and Annette Stebbins seconded the motion. The motion passed unanimously.

VII. Navitus Specialty Rx

Amie presented an update on the Navitus SpecialtyRx program implementation which is scheduled for a July 1st start date. The program is on target for a July 1, 2007 implementation date.

A mailing to Prescribers was sent on May 22, 2007; this communication informed prescribers about the mandatory specialty pharmacy program and requested the transfer of policyholders' specialty prescription(s) to the Navitus SpecialtyRx Program. A total of 193 prescribers were contacted during this process and Navitus reported to Amie that prescribers were very pleased with the high touch approach and pre-populated prescription fax forms.

Policyholder mailings were sent May 29, 2007 to 621 policyholders, with specific medications affected by this mandatory program listed for each policyholder. 555 policyholders were informed that it will be necessary to have their specialty prescription(s) moved to the Navitus SpecialtyRx Program. Communications sent to policyholders currently using UW Pharmacy and BioScrip stating

that these pharmacies are included in the Specialty Network. Forty-three policyholders were informed that they can continue using UW Pharmacy, and 23 policyholders were informed that they can continue using BioScrip Pharmacy.

As of June 13, 2007; 372 prescriptions had been transferred to the Navitus SpecialtyRx Program out of the approximately 845 prescriptions that will need to be transferred. Policyholders that have not transferred their prescription by June 18, 2007 will be contacted via telephone to help facilitate the transition and ensure no lapse in therapy.

Amie reported that when the Legislative Reference Bureau was drafting the HIRSP legislation, they noted that HIRSP did not need an exception from the section of the statutes that places limitations on the use of mail order pharmacies because that section of the statutes did not apply to HIRSP. Amie then sought a legal opinion from the Office of the Commissioner of Insurance who agreed. Since the original intent of the HIRSP specialty pharmacy program was to exclusively utilize the Navitus specialty pharmacy and there is no statutory limitation to carrying out this intent, it was decided to transition policyholders using UW Pharmacy and BioScrip to the Navitus specialty pharmacy on January 1, 2008. A communication will be sent to these policyholders and their prescribers by November 1, 2007 to inform them of the need to make the transfer to the Navitus SpecialtyRx Program.

Navitus and SpecialtyScripts Pharmacy are extremely committed to ensuring the success of the mandatory Navitus SpecialtyRx program for HIRSP and its policyholders. They firmly believe the program will lead to an overall increase in quality of care for the affected HIRSP policyholders.

Amie shared with the Board the letter she had received from Representative Pocan who had raised some concerns about the Navitus Specialty Rx program and its impact on individuals with HIV/AIDS. Amie passed out a question and answer sheet she prepared to address the concerns that Representative Pocan raised.

Tom Radloff from Navitus answered some questions from the Board regarding the SpecialtyRx program. In the course of two years that Tom has been associated with SpecialtyScripts pharmacy there has never been delivery issues concerning someone receiving the wrong drug only delivery issues with weather. Tom assured the Board that there were procedures in place for unforeseen circumstances. These procedure include same day delivery service via a courier from a local pharmacy.

Mike Gifford expressed his concern regarding SpecialtyRx and wanted the Board to re-examine the issue of using UW Pharmacy and BioScrip along with SpecialtyScripts. Mike also expressed that there were people in the audience representing the AIDS Board and Community Pharmacy that wanted to address the Board about not making this a mandatory issue. Dianne also is concerned about this being a mandatory change. She also is concerned that HIRSP is looking to save money at the expense of good care. Dennis stated that he would not be supporting this initiative if there was any question that it saved money at the expense of good care. He also reminded the Board that this program affects more than the HIV/AIDS population it also affects cancer patients, organ transplants, and any patient that is being prescribed specialty medications.

Wayne stated that Navitus has researched and picked their specialty pharmacy vendor company for good reasons and that the Board should trust Navitus' judgment that they have selected the best provider for their clients. He suggested that UW Pharmacy and BioScrip should approach Navitus about becoming

its specialty pharmacy partner. Amie agreed with Wayne and expressed her confidence that Navitus has selected a partner with strong customer service values and the expertise necessary to meet the Board's goals for the program. The program will also be monitored through patient satisfaction surveys and other performance standards.

Dianne asked that the Consumer Committee receive regular updates on SpecialtyRx so that the Committee can monitor the program.

Mike again asked the Board to reconsider letting UW Pharmacy and Bio-Scripts continue after the six months are up to participate in this program if they meet the same monetary commitment that Specialty Rx has agreed too. Amie raised the question as to whether that would be an appropriate Board position since Navitus as an independent company has its own interests that are factors in its contracting decisions. The advantages to having a single specialty pharmacy were also discussed, such as better leverage for pricing and having a single source of contact for coordination of care and disease management activities.

The discussion was concluded with agreement that the program would proceed as planned with careful oversight of the Consumer Committee.

VIII. 2006 Annual Report

Josh presented the HIRSP 2006 Annual Report at the meeting. The report is essentially a 12 month summary of the information reported to the Board on a monthly basis. Josh will be reviewing the report for possible enhancements for 2007.

IX. Monthly Reports

Josh presented the monthly grievance, independent review organization (IRO) and OCI complaints report. It was noted that there had been an error in WPS reporting of the number of IROs reported for calendar year 2006. There were 15 IRO reviews, not 11 as was previously reported.

Amie presented the monthly financial report. The Finance Committee has been carefully monitoring the bottom line, which is favorable. Contrary to budget expectations, HIRSP retained earnings are continuing to grow. This is primarily due to the fact that the budget expected a 25% increase in medical costs, while actual trends were closer to 7%. The accumulated policyholder surpluses are addressed in the budget adopted for July through December 2007 where a portion of the surplus is allocated to reduce premiums.

The low-income subsidy report was also presented.

X. Committee Reports – Dennis Conta

Legislative Committee

Mike Gifford reported that three HIRSP-related items were included in the budget adopted by the Joint Committee on Finance. The other items on the HIRSP legislative agenda were in the process of being drafted as a stand-alone bill.

Dennis congratulated Amie and her staff on the work done in Washington to advocate for continued federal funding of high-risk pool grants. Amie thanked all of the Board members for the time they committed to contacting members of the Wisconsin Congressional Delegation.

Consumer Committee

Dianne Greenley reported that the Consumer Committee has been working on getting the Consumer Advisory Council up and running and was continuing its work on the mental health benefit redesign.

Grievance Committee

Annette Stebbins reported the next meeting is June 19, 2007. She also reported that in the last few months the Grievance Committee has been reviewing fewer cases. Annette also complimented Dr. George Keng on the contributions he has made to the Committee.

Finance Committee

Joe Kachelski reported that the Finance Committee will be wrapping up its work on the budget by the end of next month. He also reported on the new process for incorrect assessment filings.

Executive Committee

Dennis reported that the next meeting of the Committee was scheduled for July when they would be working on the Conflict of Interest and Code of Conduct and would begin planning an agenda for the next Strategic Planning Committee meeting to be scheduled in the fall.

XI. Other Business

No other business. The meeting was adjourned at 2:40p.m.