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**Health Insurance Risk-Sharing Plan (HIRSP) Authority  
Board of Directors  
Minutes of the September 18, 2006 Meeting**

**Board Members Present:** Dennis Conta: Chairperson, Jay Fulkerson, Michael Gifford, Diane Greenley, Patricia Jerominski, Joe Kachelski, Wayne MacArdy, Eileen Mallow, Carol Peirick, Deborah Severson, Luann Simpson, Annette Stebbins, Larry Zaroni and Dr. Michele Bachhuber (by phone)

**Others Present:** Diann Allsen, Scott Bentley, Barry Curci, Diane Dambach, Pam Ellefson, Teri Malsch, Paul Merline, Tom Radloff, Carrie Sather, Lynelle Saunders, Cindy Simon, Judy Wanless, and Nancy Wenzel

The meeting was convened by Dennis Conta.

The minutes of August 21, 2006 meeting were reviewed and approved after the spelling of Senator Roessler's name was corrected.

**I. Amie Goldman presented the CEO Report:**

1. Amie introduced Josh Weisbrod as the new operations manager of the HIRSP Authority and reported that the finance/accounting manager position was still vacant.
2. An updated organization chart was distributed.
3. Amie informed the Board the web design is moving forward and presented a sample logo design.
4. IRO activity from last month was presented along with a chart of grievances that were filed from January 06 to August 31 2006. The possibility of benchmarking HIRSP grievances against other insurances plans was discussed.
5. It was reported that the Authority and WPS were working on a mechanism to revise the subsidy audit process in order to conduct the audit without needing to access Department of Revenue tax records.
6. A copy of the HealthLeaders article on HIRSP was distributed.

**II. Presentation of State Fiscal Year 2006 Audit – Diann Allsen and Cindy Simon, LAB**

Diann Allsen and Cindy Simon of the Legislative Audit Bureau (LAB) presented the 2005 Financial Audit of HIRSP. LAB has been performing audits of HIRSP since 1998 and will continue to audit HIRSP under the Authority's direction beginning with fiscal year 2007. The primary objective for the audit is to issue an opinion on the fair presentation of the financial statements and the supporting statements.

LAB highlighted three areas from the 2005 audit:

1. LAB was able to issue a clean opinion.
2. The HIRSP operating statement is reported on an accrual basis. One of the major components of the budget is the actuarial estimate of the amount of medical and pharmacy cost during the year. During fiscal year 2005 HIRSP net assets decreased by 7.6 million dollars and the unrestricted net asset balance ended with a small negative balance of almost \$200 thousand dollars. This was due in part to the Agency Board's decision to apply 3.9 million dollars of surplus that has accumulated on behalf of insurers and providers and apply it toward fiscal year 2005 costs. While at the same time HIRSP experienced a larger increase in claims costs which resulted in the small net loss.
3. The audit identified a material weakness in the program's controls. During the audit it was discovered that an approved change to provider payment rates was not implemented by the plan administrator. The discounted rate for providers should have been changed from 30% to 28.5% as of July 1, 2005 however, the change was never made. As a result program cost and provider contributions were calculated at an estimated 3.6 million dollars less than they should be for the first nine months of fiscal year 2006. The error was brought to the attention of DHFS and the agency took appropriate steps to correct it. The error led to a 4% provider increase for fiscal year 2006.

There was a brief discussion regarding the fiscal year 2006 financial audit. Since the plan was administered by DHFS during that year, LAB indicated that DHFS would need to request the audit. Amie offered to draft a letter to Secretary Nelson requesting that DHFS request LAB to do the 2006 audit.

### **III. Pharmacy Initiatives - Navitius**

Amie introduced Carrie Slather and Tom Radloff of Navitius who presented on a number of initiatives related to the pharmacy benefit, including DESI drugs, a specialty pharmacy program, a mail order pharmacy program and changes to pharmacy reimbursement rates.

- DESI drugs are any drug that lacks substantial evidence of effectiveness (less than effective [LTE]) and are subject by the FDA to a Notice of Opportunity for Hearing (NOOH). This includes drugs which are identical, related or similar (IRS) to DESI drugs. Navitius claims system is set up to reject all claims for DESI Drugs. Since January through June of 2006, 440 claims were submitted and rejected for DESI drugs cost, which cost \$17.36 on average. The replacement drugs cost \$25.49 on average. Since July 2006 five claims for DESI drugs were submitted with Medicare part D as primary payer and were rejected, the rejected drug cost \$10.81 and replacement drug cost \$16.34, on average. The DESI policy was developed by DHFS to be consistent with Medicaid policy. WPS, Medicare, and most other insurance companies allow payment of DESI drugs.

Wayne MacArdy made a motion seconded by Dr. Michelle Bachhuber for HIRSP to pay for the DESI Drugs. The motion passed unanimously.

- Tom presented the Navitus Specialty Rx pharmacy, which is a mail order program for high cost specialty drugs for targeted diseases such as multiple sclerosis, rheumatoid arthritis, osteoporosis and growth hormone deficiency. The benefits from this program are personalized patient-centric commitment to ensure appropriate use of specialty medications, automatic refill reminder to support adherence to medications and free delivery for patient convenience. A mailing was sent out in April 2006 to approximately 50 policyholders who use a specialty drug. A second mailing was sent out in September to approximately 300 policyholders. Navitus estimated an annual savings of \$280,461 if all 300 individuals voluntarily participated in the program.

Future initiatives could expand the program to include oncology, organ transplant and anti-retroviral drugs. It was also decided that all new HIRSP policyholders should be given information on the Specialty Pharmacy Program at the time of enrollment. Additional outreach will be accomplished through highlighting the program in the newsletter.

- Carrie presented the Prescription Solutions mail order pharmacy option. Presently HIRSP does not have a mail order option for policy holders. Prescription Solutions have negotiated the following prices with Navitus:

Brand = AWP -20% + \$.50 dispensing fee

Generic = MAC or AWP -50% + \$.50 dispensing fee

Under their mail order program all prescriptions are sent via Priority Mail at no cost to the plan or policyholder. The mail order would allow for up to a 90 days supply of most maintenance medications and up to 90 days supply for controlled substances although, it would be possible to exclude controlled substances from a mail order program.

Amie reported that one of the changes with ACT 74 HIRSP is no longer statutorily obligated to pay prescription drugs under the same payment formulary as Medicaid. This provides HIRSP an opportunity to adopt an alternative payment structure for prescription drugs with the potential of achieving cost savings. Amie asked Navitus to re-price six months of HIRSP pharmacy claims using the fee schedule they have negotiated for their commercial business. That is underway and Navitus will report back to the Board in October.

There was discussion about the fact that the Specialty Pharmacy Program originally established by DHFS utilizes a non-Medicaid certified pharmacy. This is in conflict with the statute that limits coverage under HIRSP to services provided by Medicaid certified providers. It was suggested that the Authority seek a statutory language change to allow the inclusion of pharmacies in the HIRSP network that are not Medicaid certified and to continue with the Specialty Pharmacy Program as it would be too disruptive to members to discontinue the program at this time.

Wayne MacArdy made a motion seconded by Joe Kachelski to continue the Specialty Pharmacy Program and simultaneously seek a legislative change to allow HIRSP to pay for drugs provided by pharmacies in its PBM network as long as the net work includes at a minimum all Medicaid certified pharmacies. The motion passed unanimously.

#### **IV. Development of Mission Statement- Dennis Conta**

Dennis Conta presented five general concepts for consideration in developing a mission statement for the Authority. They were:

1. Provide policyholders with timely, appropriate and quality care and to help policyholders achieve improved health.
2. Provide excellent customer service.
3. Provide individuals who are eligible for HIRSP with the information needed to gain timely access to the program.
4. Improve cost-effectiveness and affordability for the policyholder.
5. Acknowledge that we have an obligation as an organization to work with other groups and organizations to seek solutions to health care problems, for example problems of the uninsured.

These concepts were discussed and a number of points were raised for consideration:

1. As a health plan of last resort, do we have an obligation to provide major medical or comprehensive health insurance?
2. How can the issue of financial solvency be addressed by the mission?
3. Is HIRSP a payer or provider of health services?
4. How can we raise awareness of HIRSP in the community to improve access?
5. How can customer service be improved to make the program more understandable to policyholders?

Based on the initial feedback from the Board, Dennis offered to work with Amie on a draft statement to be presented at the October meeting. The Board agreed that this would be an effective approach.

#### **V. Committee Updates**

- Consumer Affairs Committee  
Dianne presented the minutes from the Consumers Affairs meeting held August 31, 2006. The primary topic of the meeting was review of data prepared by WPS for the mental health assessment due to the Joint Committee on Finance December 1, 2006.
- Executive Committee  
Amie reported on the Executive Committee that was held just prior to the Board meeting. Flaherty and Associates, a public relations firm, presented to the committee on a proposal to work with the Authority to develop a communications strategy. It was also reported that the Wisconsin Department of Employee Trust Funds (ETF)

notified the Authority that it would not be eligible to participate in the Wisconsin Retirement System. The issue and the potential resolution through a statutory language change will be explored with the Department of Administration. In the interim, the Authority will purchase group policies from Anthem for short and long-term disability and life insurance for its employees.

Amie also reported that in reviewing the Legislative Fiscal Bureau's informational paper on HIRSP, it came to her attention that Act 74 eliminated the statutory six-month waiting period for pre-existing conditions. With the change, the Authority has the flexibility to amend its policy to implement a longer or shorter waiting period.

The process for selecting and pricing furniture for the new office was discussed with the Committee.

The Committee also discussed Luanne's interest in providing greater opportunities for policyholders to communicate ideas and concerns to the Board. The Committee decided to ask the Consumer Committee to develop a set of recommendations in this area for presentation to the Board.

- Finance and Audit Committee  
Joe presented the minutes from the Finance Committee Meeting. The committee reviewed and approved a new monthly financial report and discussed some concerns WPS had in reconciling fiscal year 2006 information with DHFS. Joe, Amie and Sharon Hartung (WPS) will meet with DHFS on this issue. The committee will also be evaluating the Authority's investment options.
- Grievance Committee  
Annette reported that she and Amie are still working on filling the physician and health care professional seats on the committee. The state medical society is assisting with the search and Jay indicated he may know a potential candidate. In the meantime, a WPS physician will be used to consult on medical necessity cases.
- Legislative Committee  
This committee will have its first meeting in November.
- Strategic Planning Committee  
The Strategic Planning Committee will meet at the Wisconsin Hospital Association on October 31, 2006 from 9:30 until 3:30. All members of the board are invited to attend. A draft of the agenda will be distributed to all members around October 20th.

## **VI. Other Business**

After checking on the availability of each Board member to change the day of the monthly board meeting, it was determined that Mondays worked best for the most members. Therefore, the monthly Board meeting will continue to be held on the third Monday of the month for the remainder of this year and into 2007

The meeting was adjourned at 2:54.