

**Health Insurance Risk-Sharing Plan (HIRSP) Authority
Board of Directors Meeting
October 15, 2007**

Board Members Present: Dennis Conta, Dianne Greenley, Joe Kachelski, Michael Gifford, Jay Fulkerson, Carol Peirick, Pat Jerominski, Wayne MacArdy, Larry Zanoni, Luann Simpson, Eileen Mallow, Deb Severson and Michelle Bachhuber by phone

Board Members Absent: Annette Stebbins

Others Present: Amie Goldman, Josh Weisbrod, Jackie Ferris, Tom Rust, Chris Mead, Cindy Simon, Diane Allsen, Judy Wanless, Pam Ellefson, Vicki Buchholz and Kim Shaul

Dennis Conta called the meeting to order.

I. Review and Approval of Minutes

The minutes of the previous meeting, held August 20, 2007, were unanimously approved.

II. 2005-06 Legislative Audit Bureau Financial Audit – Cindy Simon and Diane Allsen

Diane Allsen presented the audit report. At the request of the Department of Health and Family Services (DHFS), the Legislative Audit Bureau (LAB) completed a financial audit of HIRSP for the fiscal years ending June 30, 2006, and 2005. Diane reported that the financial statements were fairly presented. HIRSP is in a sound financial position and has been for the past couple of years. There was a slight decrease in net claims cost for FY 2005-06. This was due to a decrease in prescription drugs costs and a decrease in Plan 2 participants leaving HIRSP to enroll in the Medicare Part D program.

Internal Control and Compliance

Audit findings for two reportable conditions were included in the audit report:

1. DHFS and the plan administrator failed to implement HIRSP Board of Governors-approved changes to usual and customary discount rates on billed medical claims that were to take effect July 1, 2005. As a result, program costs and provider contributions initially were not being properly calculated during FY 2005-06. After being informed of the administrative oversight, DHFS took steps to correct the error to ensure program costs and provider contributions were properly calculated.
2. There were immaterial overpayment errors for HIRSP nursing home claim payments processed by the Plan Administrator. This issue also relates to fiscal year 2006-07, and was reported to the HIRSP Authority in a separate memorandum dated August 27, 2007. Nursing home claims represent less than 1% of the total HIRSP claims costs, and correction of the observed errors would not materially change the financial statement. WPS has done an internal audit on this issue and will be reporting their findings to the HIRSP Finance Committee at its October 25th meeting.

The just completed audit is the last audit for DHFS administration of HIRSP. The next audit will be requested by the HIRSP Authority. Joe pointed out that the statement on page 17 of

the audit report that says, "Beginning July 1, 2006, net assets are not statutorily restricted for excess policyholder premiums," is technically true but as a practical matter it is not. The 60-20-20 funding formula remains. Diane said that this was something that could be reported in future audits. Amie agreed with Joe that if it had been the HIRSP Authority's audit, the authority would have made suggestions on an explanation of some statements that are included in the report. Mike Gifford asked if audit standards to be used for the next audit would be changing. Diane said they would be and that new standards would be discussed with the HIRSP Board before starting the next audit.

III. Code of Conduct (Action Needed) – Dennis Conta

The Executive Committee met prior to the HIRSP Board Meeting to discuss several topics, including implementation of a HIRSP Board Code of Conduct. The Committee made a recommendation to the Board to pass the Code of Conduct policy that was adopted by the Executive Committee at its October 15th meeting. Copies of the proposed code of conduct were distributed to the directors, and Dennis pointed out the changes that were made to the document by the Executive Committee.

Item 1, Ethical Conduct, has not appeared in this document before. Item 2, Conflict of Interest, has appeared before but in a different form. Items 3,4,5,6, and 7 are items that have not been reviewed by the current Board and are now part of the Code of Conduct that the Executive Committee is recommending.

For item 2, Conflict of Interest, the language has been modified. In item (c) the language was changed to "the member shall be asked, but shall not be required, to leave the meeting during the Board's discussion and vote as to whether a conflict of interest exists." Also in (e) "If the Board decides that a conflict of interest exists the Board shall ask the member to not vote on the proposed action or decision due to the conflict of interest." If the member has a conflict and proceeds to vote that member can be referred to the Ethics Board.

The Board discussed the code of conflict issues. Mike Gifford, who voted against the Code of Conduct at the Executive Committee, said he does not believe that in the realm of Conflict of Interest it is appropriate for an entity to make a determination about an individuals' conflict of interest. Mike stated that he believes this language would trample on minority opinions and on policy decision making. Mike would much rather see this policy written without any Board determination of conflict of interest.

Eileen suggested that the Board invite someone from the Ethics Board to talk to the full Board. Amie said that she had sent the Ethics Board our current policy for their review. After reviewing the policy, the Ethics Board said because we are subject to open meetings HIRSP can not ask a board member to leave a meeting and then take a vote without the absent member being in the room. Also, the person with a conflict can only be asked not to vote but can not be prohibited from voting. The new language is meant to bring the current policy into compliance with the feedback we received from the Ethics Board. We can ask someone on the board not to do something, but as a Board we do not have the authority to prevent them from doing it.

Larry asked about the Duty of Loyalty section. Amie said that that section had been reviewed by our attorney Brian Anderson and the language is taken from the Wisconsin Bar Association and American Bar Association.

Dennis asked that the issues be separated and that the Board take an initial vote on The Conflict of Interest Statement.

Joe Kachelski made a motion to accept the Conflict of Interest Statement, seconded by Pat Jerominski. The vote was opposed by Michael Gifford, with the rest of the Board (Annette Stebbins was absent) voting in favor of the statement. The vote was 10 yes and 1 no.

Wayne MacArdy made a motion to accept the rest of the items 1, 3, 4, 5, and 7 except for the Duty of Loyalty. The motion was seconded by Dianne Greenley. The motion passed unanimously.

Joe Kachelski made a motion to accept the Duty of Loyalty seconded by Jay Fulkerson. The motion passed unanimously.

Amie will ask a representative from the Ethics Board to come to the December HIRSP Board meeting and discuss the Code of Conduct. Amie will also invite Brain Anderson to talk about the Duty of Loyalty.

IV. Mental Health/AODA Benefit Changes (Action Needed) – Josh Weisbrod

The Consumer Committee has been working on designing our new Mental Health/AODA benefit changes.

Current Benefit

1. Inpatient
 - 60 days of mental health care no dollar limit
 - 30 days of substance Abuse care – no dollar limit
2. Outpatient
 - \$3,000
3. Transitional
 - \$3,000
4. Additional Benefits
 - HIRSP pays the 1st \$500 of outpatient care with no deductible

Proposed Benefit

1. Inpatient
 - 30 day combined MH/Substance Abuse
2. Outpatient/Transitional
 - Combined benefit of 100 visits, with Prior authorization after the 50th visit
 - Prior Authorization with occur in 10 visit increments beginning with the 51st visit
3. Additional Benefits
 - HIRSP will no longer pay the 1st \$500 of outpatient coverage with no deductible
4. State/Federal Mandates
 - The HIRSP mental health/substance abuse benefit will provide the greater of the new benefit or any applicable state or federal mandates.

The Board discussed the proposed benefits and their impact on the budget. Josh said that, based on analysis of denied claims, the new benefits will reduce the mental health cost of the plan. The shift in benefits is based on evidence-based treatment. Less than 10% of HIRSP policyholders use the mental health benefit.

A motion was made by Dianne Greenley to accept the proposed Mental Health/AODA benefit, seconded by Wayne MacArdy. The motion passed unanimously.

V. HIRSP Policy Effective 1/1/08 (Action Needed) – Amie Goldman

Amie presented the new HIRSP health benefits policies. Two different policies were included in the handouts, one for the new Health Saving Account (HSA) Plan and one for all the other plans. The changes to the policies are noted in the handout titled “Important Notice to all HIRSP Policyholders.” This notice is being sent out to all policyholders 60 days prior to the change effective date of January 1, 2008.

The changes include:

1. New names for the plans: HIRSP 1,000, HIRSP 2,500, HIRSP Health Savings Account (HSA), HIRSP 5,000 and HIRSP Medicare Supplement.
2. Two new plan options; a \$5,000 deductible plan and an HSA Plan.
3. Restricting Medicare eligible persons to the Medicare Supplement Plan.
4. Allowing subsidy portability between plans.
5. Pharmacy benefit: moving from drug coinsurance to drug co-pays and removing the maximum out-of-pocket cost on drugs for non-subsidized policyholders.
6. No prior approval for HIRSP Medicare Supplement plan and emergency inpatient admissions.
7. Changes (as described above) to the mental health and substance abuse benefits.
8. New limit on cardiac rehabilitation visits in a clinic setting.
9. Providing coverage for one routine eye exam per calendar year for diabetics.
10. Reviews by the HIRSP Appeals Committee are requested in writing within 30 days.
11. Changes in premiums based on new plan offerings and rate setting for calendar year 2008.

A motion was made by Larry Zanoni to accept the new policy changes, and seconded by Mike Gifford. The motion passed unanimously.

VI. Disease Management Program (Action Needed) – Josh Weisbrod

Josh reported on the new Disease Management Council. The Council had met twice since being formed and helped inform the proposed HIRSP Disease Management Program.

1. Proposed DM Population
Non-Medicare, medically uninsurable policyholders under the age of 64 (possible under the age of 62 or 63)
2. Proposed DM Conditions
Diabetes
Coronary Artery Disease (CAD)
Congestive Heart Failure (CHF)
Depression
3. Proposed DM Program Structure
Opt-Out enrollment
Provider engagement via mailing and phone contacts
Incentives for participation in the program
4. Proposed Health Risk Assessment (HRA) Method
Include the HRA with all HIRSP applications
Incentives to encourage completion of the HRA

- Use HRA data for DM Administration
5. Proposed Outcome and ROI Approach
 - Contact with a vendor to calculate standard of care measures & health status measures.
 - Focus on Standard of care measures, health status measures and health and functioning outcomes measures
 - Work with vendor and university to construct and evaluate the financial impact of the HIRSP DM Program.

Today Josh would like to focus on standard of care and health status measures as opposed to the potential financial return on investment (ROI). HIRSP would like to solicit services from an outside vendor to take our data and see how we compare to a subset of these standards of care. Josh would like to have the Board approve the issuance of a simplified bid for these services.

The Board discussed incentives and whether the program should be mandated or optional. Dennis would like to hear a discussion on this program being mandatory. Amie said that this issue would be revisited by the Board in December and they would be given some options for the Board to consider within their statutory authority to offer incentives or to make it mandatory. Wayne said that he liked the idea of a financial incentive. When the proposed DM Program was presented to the Consumer Advisory Committee, they viewed DM as a benefit and did not like the idea of using a control group to determine a financial ROI.

Dianne Greenley made a motion to issue a simplified bid seconded by Wayne MacArdy. The motion passed unanimously.

VII. Wisconsin's "Any Willing Provider" Law – Amie Goldman

Some developments have arisen since the August Board meeting. Amie reported at that time that HIRSP Senate Bill 226 and Assembly Bill 445 met with some concerns from the Pharmacy Society of Wisconsin (PSW). A number of meetings were held with representatives from PSW and a number of legislators to discuss PSW's concerns. In the course of these discussions HIRSP became aware of s.628.36(2)(b)3 of the Wisconsin statutes and its applicability to HIRSP.

Under state law, HIRSP needs to create an opportunity for any provider that is willing to meet the terms of the HIRSP pharmacy contracts (contracts with Navitus for a mail order drug plan and specialty drug plan) which are necessary for provider qualification under the provisions of the contracts. For HIRSP, this means that:

1. Any pharmacy that is willing to meet the contract price of the mail order pharmacy could participate in the HIRSP mail order network and/or provide these medications at the mail order rate in a retail environment, and/or participate in the HIRSP Specialty Pharmacy network.
2. A communication was sent to any pharmacy that had filled a prescription for a HIRSP policyholder from January through June of 2007, indicating that Navitus would be opening up its HIRSP maintenance medication and specialty pharmacy networks to "any willing provider".

A couple of pharmacies have already signed the maintenance mail order agreement. This will be included in the next newsletter to update policyholders on the expansion. The any willing provider requirement could impact the DM program if a large number of pharmacies

choose to sign up for the specialty pharmacy network. Because of these changes, Navitus now will have to have separate contracts for their book of business for HIRSP.

Amie wanted to thank Wayne MacArdy for helping the Authority sort through this issue.

VIII. Legislative Updates – Amie Goldman

The Pharmacy Society of Wisconsin sent a letter to the Senate Insurance Committee saying they supported HIRSP Bill 226. The bill was then unanimously adopted by the Senate committee and sent to committee in the Assembly where they had a public hearing that went very well. The bill is scheduled for an executive session shortly.

It is the Authority's hope that the HIRSP Bill will be taken up during the regularly scheduled floor period at the end of October or early November. The Board had asked Amie and Mike to go back to the legislators and talk about implementing the changes to the low-income subsidy program before the legislation was enacted. Policyholder need to know about portability on the subsidy program during the open-enrollment period scheduled for late October through mid-November. The legislators that the HIRSP staff met with fell short of giving their full support on something that had not yet been enacted. However, they each believe that the risk of the bill not being passed is very low.

The Budget compromise removes the requirement that HIRSP develop a plan which would qualify for the Federal Health Coverage Tax Credit (HCTC). This requirement will be shifted to BadgerCare Plus, where individuals can enroll in BadgerCare Plus, pay the full premium and receive the Federal tax credit for their coverage. **The Governor put the finance language for the Childless Adult Medicaid expansion program back in the budget. The Governor did not include any funding for the pilot so the Department of Health and Family Services will have to come back to legislators for funding. Amie has been working on getting this fixed.**

The AIDS/HIV pilot to purchase HIRSP policies on behalf of individuals who are currently uninsured but are receiving assistance through State's Aids Drug Assistance Program (ADAP) is included in the budget with an effective date of January 2008. The Finance Committee added some language about shifting some of the rebates from the drug program to HIRSP to help offset the cost of when those people move over. That study was moved back as well.

Federal funding for High Risk Grants for Federal Fiscal Year 08:

1. Amie presented to the director of Senator Obey's sub-committee on Health and Human Services on the importance of Federal funding. They were not able to give us a commitment on the bill; however, Senator Obey's staff indicated that they would keep the issue "on the radar."
2. The original funding was part of the Trade Adjustment Assistant Act or TAA Act of 2001, which needs reauthorization.

Amie is staying in touch with the Wisconsin legislators that are part of the relevant Federal committees. HIRSP also asked the new Consumer Advisory Council if they would be willing to contact their legislators on HIRSP issues and they were more than willing to do that at either the state or Federal level.

The legislative resource folders were distributed and the HIRSP office has received a call from one legislator.

IX. Highlights of NASCHIP Annual Meeting – Josh Weisbrod

The annual 2007 NASCHIP Conference was held in Chicago in September. Josh and Tom both attended along with a representative from WPS. The main focus was on health care reform in terms of reinsurance and the development of insurance connectors. The Federal government and the various states are taking different approaches to addressing the high costs of health care and the growing number of uninsured citizens throughout the country.

Amie was elected to the NASCHIP Board. NASCHIP did a comparison of a half dozen of the risk sharing plans, and set up a Medical Management Committee to pull all the data from the remaining pools together in order to analyze a comprehensive comparison between the pools. There are 35 pools. Josh presented our new pharmacy changes at the conference.

X. OCI Health Advisory Council – Amie Goldman

There is a combined Health and Life Advisory Council which had been split into two parts, a life advisory council and a health advisory council. HIRSP was invited to attend the first meeting. HIRSP (Amie and Dennis) has been asked to the council at a future date. Online applications for insurance were one of the subjects that were discussed. OCI is in the process of drafting some rules that speak to this issue. Amie said that she will report back to the Board following the meetings.

XI. Monthly Reports – Josh Weisbrod

Josh presented the monthly reports, which were included in the handouts. One prior authorization appeal was overturned during IRO. There were 11 complaints filed since the last board meeting. Each complaint has been resolved. Enrollment is down since the premiums have changed in July. WPS met all of their performance standards both for August and September. HIRSP surplus is decreasing.

XII. Committee Reports – Dennis Conta

Joe asked each committee chair to report on their committee.

Consumer Committee

Dianne reported that the Committee has been working on the new mental health benefit, which was adopted by the HIRSP Board today. The Committee is going to be looking into disenrollment surveys. The Consumer Committee met with the new 8 member Consumer Advisory Council and found the meeting very constructive. The new DM program was presented to the Committee and they had many ideas to share regarding the DM program. They will meet quarterly with the Consumer Advisory Council and will be meeting again in January. (Minutes attached)

Finance Committee

Joe reported that the Committee had taken a look at the LAB audit and found it disturbing that HIRSP was left out of the loop in the preparation of this audit. The Committee would like to enter into a formal agreement with LAB for the next audit to avoid this in the future.

Communications will be going out to the policyholders regarding the subsidy calculation. Joe also reported on assets that had been discovered at DHFS that belonged to HIRSP. All of

the assets had been correctly credited to the HIRSP Authority in 2006. The assets were already accounted for in HIRSP financials, and HIRSP just didn't have custody of them. (Minutes attached)

Grievance Committee

There was nothing to report.

Legislative Committee

Mike said that Amie covered everything in her legislative report. The next Legislative Committee meeting has not been scheduled.

Strategic Planning Committee

Nothing to report. No meeting scheduled at this time.

XIII. Other Business

Navitus is one of ten companies that applied and is now an accredited PBM through the Utilization Review Accreditation Commission (URAC).

The meeting adjourned at 2:35.