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**Health Insurance Risk-Sharing Plan (HIRSP) Authority  
Board of Directors Meeting Minutes  
February 16, 2009**

**Board Member Present:** Dennis Conta, Joe Kachelski, Eileen Mallow, Carol Peirick, Luann Simpson, Annette Stebbins, Larry Rambo, Michele Bachhuber and by phone Deborah Severson

**Board Members Absent:** Larry Zanoni, Dianne Greenley Wayne MacArdy and Michael Gifford

**Others Present:** Amie Goldman, Josh Weisbrod, Jackie Ferris, Judy Wanless, Teri Malsch, Larkin O’Keefe, Bart Hoolehan, Laurie Stowe, Lynn Pink, and Amie Wierzba

Dennis Conta opened the meeting. Dennis introduced Larry Rambo who was recently appointed by the Governor to fill an insurer representative vacancy on the Board.

**I. Review and Approval of Minutes**

Dennis asked that the minutes be adopted. Larry Rambo made a motion to approve the minutes. Joe Kachelski seconded the motion and it passed unanimously.

**II. By-law Resolution on Committee Structure**

Dennis explained that he and Joe are proposing an amendment to the HIRSP by-laws regarding the current committee structure.

The HIRSP By-laws provide for a Legislative Committee whose purposes are to (a) monitor federal and state legislation affecting the operation of the Plan and the Authority, (b) identify legislative solutions to problems facing the Authority, and (c) supervise the preparation of the annual legislative report required by Section 13.172 of the Wisconsin Statutes

Dennis noted that Amie in her role as CEO of the Authority was and should be responsible for these activities. Consequently, he and Joe are proposing that these responsibilities be transferred from a standing committee to the CEO of the Authority in the by-laws.

Eileen Mallow wanted to be sure that there is a committee that discusses an issue before going to the Legislature or that each issue is discussed by the full Board prior to being presented to the Legislature. Dennis said that each of the remaining committees could bring issues to the Board for review and approval before being presented to the Legislature. Amie added that the Board had previously agreed that nothing could be placed on the HIRSP “legislative agenda” without approval of the Board.

Joe Kachelski made a motion to approve the amendment seconded by Annette. The motion passed unanimously.

**III. Treatment of 60 Day Eligibility Period for COBRA**

Josh said in order to enroll in HIRSP as an “eligible” individual without a pre-existing condition waiting period, an applicant can no longer be eligible for group coverage and must exhaust their COBRA option, if available.

Josh explained that many individuals who choose not to take their COBRA coverage come to HIRSP within the 60 day COBRA eligibility period and are not flagged during the enrollment process. These individuals enroll in HIRSP as medically uninsurable with the six month pre-existing condition waiting period, despite eligibility for COBRA. However, for some individuals during the application process it is discovered that they are eligible for COBRA, which they find unaffordable. In those circumstances, the individual may choose to remain uninsured during the 60 day election period and then apply to HIRSP for a second time.

Josh asked the HIRSP Board to approve a change to HIRSP policy that would allow individuals who are eligible for COBRA to enroll in HIRSP if they meet all the other HIRSP eligibility requirements and their COBRA premium exceeds their HIRSP premium. These applicants would need to qualify for HIRSP as medically uninsurable and serve a six-month pre-existing condition waiting period.

Joe Kachelski made the motion for individuals who have lost their employer-sponsored group insurance coverage and have been offered COBRA coverage, but elect not to take the COBRA coverage due to cost, HIRSP will waive the 60 day enrollment window for COBRA eligibility (or 30 days if they take and then drop their COBRA coverage) and allow these individuals to enroll in HIRSP if:

- 1) they meet the HIRSP medically uninsurable eligibility requirements, and
- 2) their COBRA premium, as verified in writing by their employer or COBRA insurer carrier, is higher than their HIRSP premium (or subsidized premium if applicable).

HIRSP will not waive the six month pre-existing condition waiting period for individuals choosing not to exhaust their COBRA benefits.

The motion was seconded by Michele Bachhuber and the motion passed unanimously.

#### **IV. Pharmacy Benefit Manager Implementation**

Larkin O'Keefe, Bart Hoolehan and Lori Stowe, the HIRSP account manager for MedTrak, presented an overview of the implementation of the new pharmacy benefit management (PBM) contract. Lori said that overall the implementation went very well and noted that WPS was very easy to work with during the transition. Amie agreed that the transition went very well.

Laurie highlighted a few changes made to the formulary after 1/1/09 including the addition of an insulin syringe at the \$10 co-payment level. Larkin then explained another change that was necessary to accommodate claims processing for Medicare Part D claims. It was intended that the minimum co-pay for HIRSP policyholders would be \$5.00, but it was not possible to implement this for the Medicare supplement plan.

Bart explained that MedTrak has reduced and controlled Rx cost trends, conducts weekly phone conversation with the Authority and WPS to discuss the implementation and they are offering best-in-class "personal service" to the policyholders. In comparing December 2008 to January 2009 there has been a decrease in total prescriptions, average approved price overall, average single source brand approved price, average multi-source brand approved price, average generic approved price, average specialty approved price, average dispensing fee, administrative fee and an increase in the generic substitution rate.

MedTrak listed some of the future program improvements they hope to implement including secondary rebates and a new Best-in-Class Specialty Program.

Amie explained that with Navitus HIRSP had a one month co-pay waiver where if a policyholder switched to a generic, their co-pay was waived for one month. With other clients, MedTrak currently does a six month waiver for switching to a generic drug. Amie recommended to the Board that HIRSP move to a six month Generic Co-pay Waiver Program. Joe Kachelski made a motion to change our current co-pay waiver from one month to a six month waiver. Carol Peirick seconded the motion and it passed unanimously.

Larkin said that a letter will be sent out to the policyholders in April explaining the new Six Month Generic Waiver Program.

Amie explained to the Board that IPC, an independent consulting firm, has been retained to do a post implementation audit with MedTrak to ensure that the new claims system had been implemented consistent with the contract. Amie noted that the costs for the audit had been built into the 2009 budget approved by the Board and that she would be reporting back on the audit at a later date.

Dennis Conta said that since he has been involved with the HIRSP Authority that one of the best decisions the Authority has made was signing a contract with MedTrak and indicated that the Board is very pleased with MedTrak's services.

**V. December 31, 2008 Claim Reserve Liability**

The Claim Reserve Liability estimate as of 12/31/08 is split into two parts, medical and prescription drugs. Joe noted that the Loss Adjustment Expense amount had been updated by Milliman at the Authority's request since it had not been reviewed for some time. Joe asked for the Board to approve the HIRSP Claim Reserve Liability as of 12/31/08. Larry Rambo made a motion to approve the estimate and it was seconded by Carol Peirick. The motion passed unanimously.

**VI. December 2008 Monthly Report**

Amie said that the HIRSP annual report would be available in the second quarter, but that the 2008 financials were summarized in the December monthly report. Amie reported that 2008 was another good year for HIRSP. During the year, assets increased by 12%, cash assets increased by 9%, liability decreased by \$4 million and net income is up by \$12.3 million. These results were primarily driven by decreases in losses.

As of December 31, 2008, retained equity is \$47.3 million dollars. The policyholder share of retained equity in excess of the risk based capital requirement was \$17.7 million. The recommended amount of policyholder premium refunds is \$11.9 million. This level of refund meets the Board's desire to have \$5 million of policyholder equity available to mitigate premium increases on January 1, 2010. Provider equity at the end of the year was about \$6.2 million over the target reserve and insurers had \$6.6 million over their target reserve. Utilization of this equity in 2009 was built into the budget approved by the Board. 2008 administrative costs came in right under budget.

Amie reported to the Board that it appeared that progress was being made on the Board's goal to recalibrate the premium curves to better align loss experience with premium revenue across plans and to set premiums at a level that would result in additional retained policyholder equity. In first quarter 2008 the overall loss ratio was 143%, which was well below the target of 167%. Premiums were reduced effective April 1<sup>st</sup> and by third quarter the loss ratio was at 161.9% overall.

Josh said the enrollment as of 12/31/08 was 16,284 and compared to 17,126 at the end of 2007. The movement of children from HIRSP to BadgerCare Plus in early 2008 accounted for a significant

portion of this drop in enrollment from 2007 to 2008. The number of policyholders subsidized as of 12/31/08 was 3,055 and at the end of January 2009 that figure was 3,986. Josh said that some of this increase was due to the expansion of the subsidy program and the economy. Amie said that according to WPS only about half of the policyholder who appeared to qualify for subsidy based on the income reported on their application actually applied. HIRSP staff and WPS will be looking into why that happened.

The HIRSP 1,000 plan is down about 1,000 policyholders in 2009 and Josh said policyholders are moving toward the high deductible plans. Josh reported that 60% of the subsidy enrollment in January is on a high deductible plan (2,500 or greater). Josh also reported that there was one independent review request and six complaints since the last Board meeting.

**VII. Fourth Quarter WPS Performance Measures**

Josh indicated that WPS met all but one quarterly performance measure. They processed 97.7% of completed applications correctly, which was just under the 98% requirement. The penalty was \$750 dollars.

**VIII. Update on Premium Refunds**

Amie gave an update on the premium refunds. The refund was based on the policyholder's tenure with HIRSP and what plan they were on as of 12/31/08, since not all plans contributed equally to the surplus. The total amount of the refunds will be \$11.9 million. Approximately fourteen thousand policyholders will receive a refund, which are expected to be mailed in the first week of March.

**IX. Local Government Investment Pool Report**

Amie reported that \$56,283,961 in cash was initially transferred to the Local Government Investment Pool (LGIP) consistent with the Board's directive. After monitoring the cash balance in the HIRSP checking accounts, Amie felt it was prudent to transfer an additional \$5 million, which was done on 1/30/09. The HIRSP LGIP balance as of 1/31/09 is \$61,351,374 which includes interest for December and January.

**X. Interest Liability on Federal Grant**

Amie reported that CMS has said that HIRSP has no interest liability on the Federal Grant funds for 2007. This notification from CMS resolves the only open issue from the audit conducted by the Legislative Audit Bureau.

**XI. Disease Management Update**

Josh reported that LifeMasters had identified 2,387 policyholders eligible for the HIRSP Diabetes Program. Of the 2,387 eligible members, 1,746 are participating in the program with 202 (12%) in the Mediated category and 1,544 (88%) in the Instructional category. Within the Instructional category, 436 (25%) have agreed to receive quarterly calls, 279 (16%) are receiving the LifeMasters' "Living Well" magazine. The remaining 829 (47%) are currently unable to reach (UTR); however, they will continue to receive mailings from LifeMasters and staff will be working with LifeMasters to identify additional strategies for engaging this group. Josh noted that one strategy to be implemented was for WPS to provide information about LifeMasters as part of its customer service "on hold" messaging.

**XII. WPS Contract Update Regarding Application Processing**

Josh said that right now WPS has a performance measure in place that they have to process all application within 30 days of receipt. This only gives the person who applies for HIRSP 30 days to send in all of the necessary documentation required to complete the application. Josh said that WPS

and HIRSP would like to change this to 45 days so that applicants have more time to gather the necessary documentation. WPS also has a second performance standard which requires them to work all completed applications within 5 days.

### **XIII. Out-of-State Coverage**

Josh provided a summary of the current benefit for out-of-state coverage, which is limited to Wisconsin Medicaid certified providers (i.e. Mayo Clinic in Rochester, MN); or services rendered in emergency situations. This policy protects policyholders from balance billing, however Josh indicated that HIRSP receives feedback from policyholders who spend time outside the State of Wisconsin they would like the opportunity to see out-of-state providers under broader circumstances.

Josh recommended that the HIRSP policy be amended to allow for coverage of services rendered by out-of-state providers in cases of emergency or with prior approval. The criteria that would be used by the plan administrator to review the prior approval requests would include: the legitimacy of the provider can be confirmed; the service meets all other criteria under the policy, including medical necessity review if applicable; and the policyholder signs a document that very clearly describes that HIRSP payment rates are below market and that while state law prohibits balance billing the provider may seek additional payment from the policyholder. The document will also require the policyholder to acknowledge this risk and that HIRSP will not be responsible for any charges above the rates it would pay a Wisconsin Medicaid certified provider.

The Board will need to vote on an amended policy which includes the changes to the out-of-state coverage when it is brought to the HIRSP April Board meeting.

### **XIV. Legislative Update**

Amie provided an overview of Senator Vinehout's proposed bills for individual insurance market reform. Included in the Senator's proposal are two items related to HIRSP. The first would allow HIRSP to increase the Lifetime Maximum limit above the current \$1 million, as desired by the Board. The other would require that HIRSP only collect one letter of rejection instead of the two letters that are required now.

Dennis stated that in support of the legislative bills, Senate Bill 74 and Assembly Bill 112, he would entertain a motion showing support of the suggested statutory change to require only one letter of rejection as a requirement for eligibility for HIRSP. Annette Stebbins made the motion and Joe Kachelski seconded the motion. The motion passed unanimously.

Amie reported that she and Josh would be scheduling meetings with the members of the Assembly and Senate health and insurance committees to provide an update on HIRSP and inform them of recent successes and the premium refunds.

Amie noted the federal stimulus package did include one item that could impact HIRSP. Individuals that lose their job from September of 2008 through the end of 2009 can qualify for a subsidy of their COBRA coverage for 9 months. There is an income cap of \$250,000 for a couple and \$125,000 for an individual. This could make COBRA more affordable and allow people to exhaust their COBRA before seeking HIRSP insurance. Amie also informed that Board that an educational paper developed by NASCHIP to raise awareness on the role of high risk pools in the health care marketplace was included in the packet along with the Legislative Fiscal Bureau's current informational paper on HIRSP.

### **Committee Reports**

Joe said the Finance Committee has already been covered in previous sections of the meeting.

Eileen reported the Appeals Committee will meet tomorrow.

Jackie reported that the next Consumer meeting is on March 10th and includes the Consumer Advisory Council.

Dennis made the announcement that Josh Weisbrod has received a promotion from Operations Manager to Director of Operations. Dennis and the Board congratulated Josh on his promotion.

Dennis Conta made a motion per s.19.85 (1) (e) of the Wisconsin Statutes to move into closed session and it was seconded by Larry Rambo. The motion passed unanimously.

### **XV. Review and Approval of Minutes From Closed Sessions (Action Needed) – Dennis Conta (Closed Session per s. 19.85 (1) (e), Wisconsin Statutes)**

The closed session meeting minutes from July 17, 2008 and December 15, 2008 were approved.

Dennis asked for unanimous consent to go out of closed session under the provisions of s.19.85 (1) (e) of the Wisconsin Statutes to go into open session.

### **XVI. Other Business – Dennis Conta**

Dennis asked if there was any other business to discuss. Having no other business, he asked for a motion to adjourn the meeting.

Joe Kachelski made a motion to adjourn the HIRSP Authority Board meeting which was seconded by Annette. Hearing no objection the meeting was adjourned.