



**Health Insurance Risk-Sharing Plan (HIRSP) Authority
Board of Directors Meeting Minutes
April 20, 2009**

Board Members Present: Dianne Greenley, Eileen Mallow, Carol Peirick, Luann Simpson, Joe Kachelski, Larry Zanoni, Wayne MacArdy and by phone Larry Rambo, Michele Bachhuber and Deborah Severson

Board Members Absent: Dennis Conta, Annette Stebbins and Mike Gifford

Others Present: Amie Goldman, Josh Weisbrod, Jackie Ferris, Judy Wanless, Aimee Wierzba, Lynn Pink and Bart Hoolehan

I. Review and Approval of Minutes (Action Needed) – Joe Kachelski

Dennis Conta was unable to attend so Joe Kachelski chaired the meeting. Joe opened the meeting and asked that the minutes be approved. Jackie said there was one correction to make now that there are two Larry's on the Board she will use their last initial to differentiate between them.

Carol made a motion to approve the minutes with the one correction. Wayne seconded the motion and it passed unanimously.

II. Technical Modification of HIRSP By-laws (Action Needed) – Amie Goldman

Amie presented a number of technical corrections to the by-laws that had been approved by the Executive Committee. The changes include updates to bring the by-laws in compliance with statutory changes related to HIRSP and policies adopted by the board such as the Code of Conduct.

Larry Z. made the motion to accept the by-law changes. The motion was seconded by Wayne. The motion passed unanimously.

III. HIRSP Policy Changes (Action Needed) – Josh Weisbrod

Josh presented two proposed changes to the HIRSP policy. The first amendment would clarify that bone marrow is considered an organ for purposes of the policy limit on one transplant per organ. This issue was recently brought to staff's attention because of an appeal where there was disagreement as to whether bone marrow met the definition of "organ" in the policy's transplant benefit. The change to the policy would state that, "HIRSP will pay for one transplant per organ, including bone marrow/stem cell, during the policyholder's lifetime, except as required for treatment of kidney disease."

Questions were raised as to whether it made sense to have a per organ limit in the policy rather than a dollar limit for transplants. Amie replied that the transplant benefit would be one accept of the policy to be reviewed by the Strategic Planning Committee this summer.

Amie asked Michele if there was any reason to treat bone marrow differently than any other organ transplant. Michele was not sure if there would be any clinical condition that would require multiple bone marrow transplants. Larry Z. said that as far as he knew bone marrow has always been in the class of transplants and counted as an organ. Amie reported that WPS had pulled the data on bone marrow transplant and there have only been five provided to HIRSP policyholders since 2005.

Larry Z. made a motion to accept the new bone marrow/stem cell transplant language as stated above. Deborah seconded the motion and it passed unanimously.

The second policy change presented by Josh would modify the out-of-state coverage language in the policy. Currently HIRSP only covers out-of-state providers if they are Wisconsin Medicaid certified or in emergency situations. Josh said there have been a number of calls regarding this issue and one policyholder in particular wanted to have her chemotherapy treatments in Florida where she was spending the winter. Over the winter the Executive Committee reviewed the issue, in particular the concern that out-of-state providers would balance bill HIRSP policyholders, and determined that policyholders should be afforded the option of receiving services out of state if those services would have otherwise been covered in state and if the HIRSP payment would be the same as it would be for an in-state provider.

Josh said HIRSP would like to create a form that describes the out-of-state coverage benefit, including the possibility of balance billing that a policyholder could sign recognizing that they could be billed up to 40% of the charges for any services received outside of Wisconsin. The form would also require specific provider information so that WPS could verify the legitimacy of the provider. All other plan requirements would still apply, including any required pre-authorization. WPS indicated that creating and administering this form would be a multiple step process. The cost to implement this change would be approximately \$87 per request for out-of-state coverage. WPS would certify the provider for each individual only.

Joe wanted to know how the new system would differ from the previous system of temporarily certifying non-Wisconsin Medicaid Certified providers and what was included in the \$87 charge. In the past, WPS would “temporarily certify” a provider to provide services to all HIRSP policyholders. The new system would only allow the policyholder making the request to see the requested provider. Josh indicated that this additional level of specificity is the cause of the increased cost.

Amie estimated that the \$87 per request could total between \$50,000 and \$200,000 annually. Josh added that according to WPS there are not a large number of emergency services that are balanced billed. Dianne asked if the policyholder could just get prior authorization to have out-of-state coverage. Amie noted that this would not decrease the estimated cost. Wayne wanted to know if there was a way to do this without the additional cost. Joe said a message could be in the newsletter and on the EOBs. Dianne suggested HIRSP only do this for a limited time period and see what the cost is.

Amie said that the most costly services performed by out-of-state providers are hospital based. All inpatient scheduled services already require prior authorization. Amie thought WPS could change the prior authorization for hospital services to have it communicated that the policyholder could be balanced billed for the actual service.

Larry Rambo wanted to know if this issue needed to be sent back to committee. Joe said yes it should go back to committee but in the meantime there needs to be guidance from the Board on how to handle these requests. It was discussed among the group to make a distinction between the high cost services that require prior authorization and the other services that do not require a prior authorization. HIRSP would pay the services that don't require prior authorization at their normal rate but not have any special handling in terms of a separate notification to the policyholder regarding balanced billing, and then incorporate as much notification as possible in the prior authorization process for the higher cost services that require prior authorization. The Board agreed on this general approach. Authority staff will work on the implementation with WPS and will bring the modified policy language to the Executive Committee for approval at its May meeting.

Dianne made a motion to direct HIRSP staff to work on this concept and take it back to the Executive Committee in May for approval. Carol seconded the motion and it passed unanimously.

IV. 2009-2011 Biennial Budget (Action Needed) – Amie Goldman

Amie presented two items in the governor's budget that relate to HIRSP. The first is the HIV/AIDS Premium Subsidy Pilot Program. Under the pilot, the Department of Health Services purchases HIRSP policies on behalf of individuals with HIV/AIDS that had previously not qualified for the state's program. The three year pilot is scheduled to expire on December 31, 2010. The Governor's proposed 2009-2011 budget removes the expiration date and makes the expanded eligibility requirements permanent.

Amie reported that since the pilot's inception, approximately 35 individuals with HIV/AIDS have enrolled in HIRSP. The Department estimates that another 17 individuals will enroll in the pilot every six months through 2010. The Fiscal Bureau estimates that 10 individuals will enroll every six months during that same period. The estimated net cost to HIRSP of the pilot for calendar years 2009-2010 is \$1.3 million to \$1.5 million depending on whether the Department or Fiscal Bureau estimate is used. Amie noted that the high cost of the pilot is primarily due to extremely high drug costs.

Amie reminded the Board that they had not opposed the pilot when it was created in the 2007-09 biennial budget. Amie also noted that the Department was seeking a statutory change to allow individuals with HIV/AIDS to be eligible for the Childless Adults Medicaid Waiver. This change was also previously supported by the Board.

Amie indicated that the second budget item relates to BadgerCare Plus. Under current law, if you are eligible for BadgerCare Plus you are not eligible for HIRSP. BadgerCare Plus is actually three distinct plans, including a plan that will eventually cover childless adults in Wisconsin. This plan, as well as one of the existing BadgerCare Plus plans, does not cover brand name prescription drugs.

Amie provided the following summary of the three plans. The first BadgerCare Plus plan is called the *Standard Plan* and provides coverage to *children and parents* in families with income below 200% of the federal poverty level (FPL). The coverage under the *Standard Plan* is very comprehensive and includes brand name drugs. The *Benchmark Plan* provides coverage primarily to *children* in families with income above 200% of the FPL and does not cover brand name drugs. The *Core Plan* provides coverage to *childless adults* with income up to 200% of the FPL and also does not cover brand name drugs. The *Core Plan* will be implemented this summer.

Amie reported that in the first quarter of 2008, approximately 512 children under the age of 19 left HIRSP to obtain coverage under BadgerCare Plus, which was expanded to cover all children in the state regardless of income effective February 1, 2008. A number of the children who left HIRSP to obtain coverage through BadgerCare Plus had higher family income and were placed in the *Benchmark Plan*, which did not provide coverage for needed brand name medications. The Department has grandfathered these children and provided brand name drug coverage. It is unknown if this practice will be continued in the future.

The change proposed in the budget would allow children to either have coverage under the Benchmark Plan, HIRSP, or both.

Amie indicated that she and the staff had looked into coming up with a separate plan offering that would be less costly for those individuals also enrolled in BadgerCare Plus. However, after Milliman completed the necessary modeling using data provided by WPS and MedTrak, it was clear that a separate plan offering would not be cost effective for those enrolling in the plan. It was determined that it would be in the best interest of families with children who need brand name drugs to obtain or maintain available BadgerCare Plus coverage as it provides affordable access to routine and preventive care services not covered under HIRSP and provides first dollar coverage (i.e. no deductible) for most medical services, and also select a HIRSP high deductible plan to cover their brand name drug needs. The impact of the high deductible should be minimized by the first dollar medical coverage available through BadgerCare Plus. HIRSP would pay secondary to BadgerCare Plus.

Amie said it would be helpful if she had a sense of the Board's position on these issues. She doesn't feel that the Department is going to keep grandfathering these children so that their brand name drugs are paid for as this practice is out of compliance with the statutes.

After some discussion, it was the Board's conclusion that they would not oppose the proposed statutory change and would work to provide good information to individuals who may be eligible for both HIRSP and the BadgerCare plans.

V. Legislative Update – Amie Goldman

Amie provided an overview of the HIRSP bills before the State Legislature. These bills would allow the Board of Directors to increase the lifetime Maximum Benefit above the current limit of \$1 million in statute. The second bill would reduce the number of rejection letters necessary to qualify for HIRSP from two to one.

Amie said she testified at the Assembly hearing on the bills and no one registered any opposition to the bills. Amie said the Senate is meeting this coming Wednesday and she will testify at that hearing as well.

VI. HIRSP and the Wisconsin Insurance Market – Amie Goldman

Joe said that HIRSP is the number one or number two individual insurer in Wisconsin depending on how you rank the insurers. Amie said that HIRSP is the largest individual insurer by premium volume and second largest by number of covered lives. In terms of how HIRSP interacts with the commercial market HIRSP clearly has a role in the individual market and also interacts with the group market when employers drop their group coverage or a person loses his or her job.

Amie distributed a handout summarizing a fixed indemnity plan that was going to be offered to Stoughton Trailer employees. In a letter, employees were told they had three choices: 1) they could go to the individual market, 2) go to HIRSP (in the states you are eligible for HIRSP if you have a fixed indemnity policy) or 3) go to BadgerCare Plus. Similar to HIRSP, they would be eligible for BadgerCare Plus if the only policy offered by the employer is an indemnity policy.

Amie said she checked with OCI to see that the product being offered by Stoughton Trailer was indeed an indemnity policy because there was some confusion since the pharmacy part of the policy looks more like a fully insured benefit. OCI came to the conclusion that employees of Stoughton Trailer would be eligible for HIRSP. Amie said that they did hear in the eleventh hour that Stoughton Trailer decided not to drop their other coverage.

Amie said that she and OCI had agreed to continue to work together to sort through some of possible market changes and how they should be addressed through HIRSP policy or statute and that she would report back to the Board.

VII. OCI Review of Medicare Supplement Regulations – Amie Goldman

OCI has a Health Advisory Council to look at Medicare Supplement Regulations Administrative Code. Amie said she wanted to make the Board aware that the State of Wisconsin's Board on Aging and Long Term Care (BALTCR) sent a letter to OCI in February 2009 addressing a number of issues they believe impact persons who are unable to access a Medicare Supplement Policy without the need for underwriting, and that some of these may be related to HIRSP.

Amie will be working with OCI and BALTCR to determine what role, if any, HIRSP should play in addressing these issues.

VIII. LAB Audit Update – Amie Goldman

Amie presented the letter sent to the Board by the Legislative Audit Bureau (LAB) and reported that work has begun on the 2008 Audit.

IX. Monthly Reports – Amie Goldman and Josh Weisbrod

Amie presented the financial statements in the monthly report and highlighted the following results:

- Total assets increased to \$80 million in March. Assessments receivable decreased from \$7.3 million in March to \$5.4 million in March due to the collection of insurer assessments for the first half of 2009. Cash assets increased \$3 million.
- Total liabilities increased by \$3.2 million during the month.
- The net income for the first three months of 2009 was \$1.4 million, an 84.2% decrease compared to 2008 year-to-date net income of \$8.8 million. This is due to decreases in premium revenues, provider contribution, insurer assessments and pharmacy losses and increases in medical losses, administrative expenses, and non-operating revenues.
- Year-to-date net income was \$1.4 million as of March 31, 2009 whereas the 2009 budget projected a net loss of \$90,812.

Josh said all of the first quarter performance standards were met by WPS. He also said that there were three complaints filed with OCI and received by HIRSP between 2-12-09 and 4-02-09. Each

complaint has been resolved. There was one Independent Review Organization (IRO) case where the Appeal's Committee upheld the Grievance Committee's original denial. There have been 34 appeals cases since the beginning of the year with 12 being denied, 20 approved and 1 compromised.

X. HIRSP 2008 Annual Report – Josh Weisbrod

Josh presented some basic enrollment and premium data from the 2008 HIRSP Annual Report. Dianne asked if the report should give additional credit to the Consumer Advisory Council members and possibly list their names and locations as an appendix. Josh mentioned that the Council discussed publishing their names and locations, and there was some reluctance by the members. Jackie said that she will check with the members to see if they would like some or all of this information shared in the report. Joe asked that Josh clarify the "HIRSP Policyholders Not Meeting Deductible in 2008" table on page 26 of the report. Josh indicated that he also thought the table was somewhat confusing and would work to revise the table further. Joe then asked the Committee to review the Annual Report draft and provide the Authority with feedback by May 8th.

XI. Committee Reports – Joe Kachelski

Joe asked for the Committee Reports

Consumer Committee

Dianne reported on the three new members of the Consumer Advisory Council: Mary Lou Lillian, Bill Tedeschi and Christine Schramek. HIRSP is developing a disenrollment survey which was presented to the Consumer Committee and the Consumer Advisory Council for input. The new Chronic Condition Management program for diabetes was reviewed and the Consumer Advisory Council was asked for their input on how to reach the "unable to reach" policyholders.

Finance Committee

Joe reported that the low-income subsidy analysis Dennis requested showed the value of the premium discounts ranging from approximately \$360 to \$3,300 per year. There was also an analysis of the drug maximum out-of-pocket (MOOP) for 2008. The majority of policyholders paid drug co-payments in 2008 that were below the MOOP in place for 2007. WPS also received an inflationary adjustment for their administrative fee, increasing the fee per member per month to \$21.59.

Strategic Planning Committee

The Strategic Planning Committee will be holding its first meeting of 2009 on June 24th at the Hilton Hotel.

Appeals Committee

The next meeting is this Tuesday, May 21, 2009

XII. Other Business – Joe Kachelski

The Board expressed their congratulations to Luanne Simpson for her award from the Wisconsin Women's Health Foundation for her work in the area of mental health.

Meeting adjourned at 2:35 p.m.