Health Insurance Risk-Sharing Plan (HIRSP) Authority
Board of Directors Meeting Minutes
June 15, 2009

Board Member Present: Dianne Greenley, Carol Peirick, Luann Simpson, Joe Kachelski, Dennis Conta, Annette Stebbins, and by phone Wayne MacArdy, Larry Rambo and Michele Bachhuber

Board Members Absent: Larry Zanoni, Deb Severson and Eileen Mallow

Others Present: Josh Weisbrod, Jackie Ferris, Judy Wanless, Lynn Pink, Bart Hoolehan, Sharon Whitwam, Monica Davie, Jason Klimowicz, and Amie Goldman, Lori Stowe and Kermit Fendler by phone

Dennis opened the meeting by asking Sharon Whitwam of WPS to introduce herself to the Board. Sharon has taken the position that Teri Malsch had with WPS. The Board then introduced themselves to Sharon.

I. Review and Approval of Minutes (Action Needed) – Dennis Conta

Dennis asked that the minutes be approved from April 20, 2009. The minutes were approved.

II. HIRSP Board Appointments – Dennis Conta

Dennis indicated that Mike Gifford has chosen to resign from the HIRSP Board. In choosing to resign from the Board he has written a letter to the Governor. Dennis read Mike's letter to the Board, as well as his response to the letter.

A motion was made by Larry Rambo to acknowledge that Dennis had shared Mike's letter of resignation to the Governor and outlined the events leading up to Mike's resignation from the HIRSP Board of Directors. The motion also stated that the HIRSP Board finds no substance in the accusations made by Mike in his letter of resignation and the Board refutes the accusations. Joe Kachelski seconded the motion. Dianne Greenley arrived at the meeting at the time of the motion and abstained from the vote. The motion was adopted unanimously with one abstention.

Dennis said he would work with Amie to compose a letter, including the above motion, to be sent to the Commissioner of Insurance, Sean Dilweg.

III. Definition of Group Coverage for HIRSP (Action Needed) – Amie Goldman

Amie said HIRSP cannot provide coverage to individuals who have employer offered health insurance. In 2007 the HIRSP Board became aware of a number of instances where individuals had employer sponsored health insurance that met the statutory definition but did not provide comprehensive health insurance. These policies are sometimes marketed as Mini Med Policies, and generally offer very low coverage limits.

After reviewing several of these mini med policies and consulting with other high-risk pools, Authority staff are recommending that HIRSP establish a $100,000 threshold. If the employer sponsored coverage had a stated annual limit of $100,000 or less, the individual could forgo the coverage if they otherwise met HIRSP eligibility criteria. If the policy did not have a stated

overall annual limit, but had benefit specific limits (e.g. $50,000 of hospital coverage, $500 of physician visit coverage) that summed to $100,000 or less they would also qualify for HIRSP under this policy. Limited benefit policies that were presented at the time of application that could not be easily valued by WPS staff would be submitted to the HIRSP actuary for review.

Joe made a motion to accept the HIRSP staff recommendation. The motion was seconded by Carol and passed unanimously. The applications that qualified under this exception would be tracked and analyzed after of period of time to determine the impact of the policy on the overall HIRSP enrollment. This decision will have to be approved by the Commissioner of Insurance before it can be implemented.

IV. Legislative Update – Amie Goldman

Amie said that there are two bills making their way through the legislator. One that will give flexibility on the lifetime max under HIRSP and the other would require just one letter of rejection instead of the two letters of rejection currently required under law. Both bills were passed by the Assembly and were sent to the Senate. The Senate committee that has jurisdiction over these bills had a public hearing on them and Amie testified at the hearing. Amie said there is no one in opposition of either bill. The committee has not acted on the two bills, which is required before they can be recommended to the whole senate for a vote.

Amie indicated that there are two other items in the current state budget draft that could impact HIRSP. One relates to the HIV/AIDS pilot program that expanded eligibility for the State's AIDS Drug Assistance Program (ADAP) so that the State could buy more people into HIRSP. The current budget draft would remove the sunset date on the pilot making it permanent. The other budget item relates to BadgerCare Plus and the children who are on the Benchmark Plan. The current version of the budget would allow these children to enroll in both BadgerCare Plus and HIRSP or select only BadgerCare Plus or only HIRSP.

The Childless Adults expansion program will be treated the same way in that people eligible for HIRSP and Childless Adults can choose both insurance programs or take either HIRSP or Childless Adults. The Core Plan for childless adults has a minimal cost associated with it and covers some routine care that HIRSP does not cover. If a member is on both plans the State would pay primary and HIRSP would pay secondary.

Dianne wanted to know who was going to do the benefit counseling for the Childless Adults Plan. Amie said she has talked to Bobby Peterson at ABC for Health regarding this. Amie said that Authority staff, WPS and DHS are developing a fact sheet for members considering the Core Plan so that all parties provide the same information to prospective enrollees.

V. Update on OCI Medicare Subgroup – Amie Goldman

Amie said at the April Meeting she had shared a letter with the HIRSP Board from the Board on Aging and Long Term Care (BALTC) sent to the Commissioner. They expressed a desire to have the commercial Medicare supplement market reinsure HIRSP so that if someone exhausted their lifetime benefit on HIRSP they would be guaranteed issue back into the private supplemental market.

Amie said she clarified the information in the letter and the subgroup decided everything was working fine as it was and they would not be seeking the change they had originally asked for in the letter regarding the lifetime Maximum. Amie said that HIRSP is now off the table and she doesn't expect anything from the group that will affect HIRSP.

VI. Best In Class Pharmacy (Action Needed) – Josh Weisbrod

Josh described the MedTrak Best In Class (BIC) specialty pharmacy program being offered to all MedTrak clients. Currently HIRSP has three specialty pharmacies, BioScrip, UW Madison and Specialty Scripts. Through a competitive bidding process, MedTrak has contracted with seven specialty pharmacies to maximize cost and clinical expertise within each specialty drug category. For example, Specialty Scripts is the MedTrak BIC specialty pharmacy for oncology. Each BIC pharmacy also provides MedTrak with uniform reporting. MedTrak estimates that HIRSP could save approximately $300,000 annually by adopting the BIC network. In the first five months of 2009 specialty drugs represented about 2.8% of HIRSP scripts, but 36% of drug costs. In addition, these pharmacies specialize in keeping individuals on track with their medication regimen, which in turn reduces cost for complications due to their diseases.

This information has been shared with the Consumer Committee and Consumer Advisory Council and the only potential drawback identified by the Committees was that most policyholders who go to UW for transplants and cancer treatment use the UW pharmacy as their specialty pharmacy of choice. Amie and MedTrak met with UW on June 10th and have come to a potential compromise where UW would supply the specialty medications for all of their patients for a discount of about 19% (the other BIC contracts are approximately 19.5%). There are about 80 HIRSP policyholders that currently use UW pharmacy for their drug needs which is about 14% of the HIRSP population that uses specialty drugs.

Joe asked for Josh to compare the status quo with what was being proposed. Josh said if you are on a specialty medication you currently have three pharmacy choices, BioScrip, UW or Specialty Scripts. Moving to the BIC network would disrupt some policyholders by forcing them to use one of the seven BIC pharmacies for their specialty drug needs, depending on their condition. Each of the seven BIC pharmacies also provide a support service to each of their clients and report that data back to MedTrak who will report it to HIRSP.

Kermit from MedTrak said that one of the things they are trying to do is get the specialty pharmacy to document what they say they do. He believes this is the best model going forward. Wayne wanted to know if we had created an exception with UW pharmacy. Amie said yes for anyone who is a patient of UW hospital and clinics. In the future, if a pharmacy wanted to become a specialty pharmacy for HIRSP they would have a chance to bid when it was up for bid again. Kermit said MedTrak is more than willing to contract with any local pharmacy associated with a medical center that can offer the same services required of other BIC pharmacies. MedTrak is offering two year contracts, so in 18 months new pharmacies could apply to become a part of the BIC network.

Joe wanted to know if HIRSP could track the savings that MedTrak says HIRSP will have by moving to the BIC network. Bart from MedTrak said yes it can be tracked. The implementation would take three months starting July 1, 2009 by sending letters to anyone using a specialty pharmacy to let them know which one they will be moving to. The new specialty pharmacy would then contact the member's doctor to obtain a new prescription and they would also be calling the member to find out where to ship the drug and how they would pay for the drug. This should be completed by September 30, 2009.

Dianne Greenley made a motion to adopt the BIC network for specialty drugs as long as UW Pharmacy is a part of the BIC network. This would allow patients of UW to use the UW

pharmacy for specialty drugs. The UW pharmacy would have to agree to the Best in Class discounts and reports requirements from MedTrak. Annette seconded the motion.

Joe asked if he understood the motion that if UW Pharmacy walked away from the deal than HIRSP would be saying no to the whole Best in Class program. Josh said yes if UW doesn't agree to the compromise HIRSP would work for another compromise and if that didn't work out the issue would be revisited at the September Board meeting and the Board would decide if they wanted to go ahead with the Best in Class program without.

The motion passed unanimously.

Josh said there was one more item to discuss under this heading. MedTrak is dropping Pantoprazole (generic Protonix) a Proton Pump Inhibitor (PPI) medication for gastro esophageal reflux disease (GERD). MedTrak is moving to Omeprazole (generic Prilosec) for its Tier I PPI medication and brand name Nexium for its Tier II PPI product. Pantoprazole would then moved to not-covered status (Tier III). MedTrak indicated that the drugs in this class are generally considered therapeutically equivalent and by making this switch, they can leverage much greater rebates on Nexium. The overall savings to HIRSP is estimated at $350,000 annually.

Dianne said that she felt very uncomfortable making a decision like this and didn't feel that anyone on the Board had the expertise to make a decision like this. Dianne said the state has a committee of experts that make decisions like this. Josh said that MedTrak has a Pharmacy and Therapeutics (P&T) Committee, similar to all pharmacy benefit managers, that reviews the plan formulary and recommends appropriate changes based on safety, clinical effectiveness and cost. Josh asked Kermit to describe the MedTrak P&T Committee process. Josh said that HIRSP also has a medical exception process that is used if there is medical justification for a member who cannot take an alternative medication, such as generic Prilosec or brand Nexium.

Dennis said he supported the issue Dianne raised. He too thought this decision should not be made by the Board. He thought there should be a different procedure that the Authority uses to address these formulary changes. He thought this discussion should be in a different venue in a different decision making process. Dennis asked when the Authority could act on the recommended formulary change if the Board was comfortable with the recommendation or could the decision be set aside and implemented at a later date.

Bart said that Medtrak could wait until the September Board meeting. Dennis said that this issue would be set aside and Josh, Amie and MedTrak need to talk about a different decision process that the Authority should follow regarding formulary changes.

Luann said that she has been with HIRSP for ten years and the formulary changes all the time. She said that she has been on all of these medication at one time or another.

Dennis asked for unanimous consent that this issue be set aside and that Josh, Amie and Medtrak address the formulary modification process and come back to the September Board meeting with a process that will address these formulary changes.

VII. Federal Grant Application – Josh Weisbrod

HIRSP currently has a $2.6 million federal grant to support the HIRSP Diabetes Disease Management Program, the HIRSP low income subsidy program and to offset HIRSP losses.

The federal government has decided to issue another $75 million dollar grant for high risk pools in 2010. The grant funds will become available at the end of 2009. The $75 million is for the 35 High Risk Pools that exist today. We don't know how much HIRSP will receive. The grant application is due on June 30, 2009. Josh thought he would know by the September meeting how much HIRSP would be receiving.

Lori and Kermit signed off.

VIII. Family Health Survey Data on Uninsured – Josh Weisbrod

The National Association of High Risk Pools received a request from a group called Communicating for Agriculture and the Self Employed. They used to publish the NASCHIP Book that the Board receives every year and they are working with CMS and the federal government regarding the federal healthcare reform and debates that are going on in Washington. As part of this discussion, Communicating for Agriculture asked each state high-risk pool for an estimate of the number of uninsured and underinsured who might qualify for the high-risk pool if cost was not an obstacle. To answer this question, HIRSP asked the Department of Health Services if they could provide us with an estimate based on their Family Health Survey (FHS) data. The FHS is conducted in Wisconsin every year and reports on the uninsured, underinsured and their income levels, among other items.

Using the FHS data, DHS estimated that approximately 104,000 people would qualify for HIRSP and 63,000 would qualify for a low income subsidy. Many of these individuals would probably qualify with the new BadgerCare Plus Core Plan for Childless Adults Program.

Joe wanted to know if Josh could break down the 104,000 number into the five categories that they used to determine if they would be eligible for HIRSP. Josh said there was 87,000 people that fit one or more of the five categories. Josh said that the Consumer Committee and Consumer Advisory Council have many good ideas for community outreach if the Board would like to pursue any outreach efforts.

IX. Monthly Reports – Joe Kachelski and Josh Weisbrod

The most recent complete set of financials is from April 2009; however, Joe also had some draft numbers for May. According to Joe, there has been a wild swing between January and February where HIRSP was still ahead of the 2009 budget, but the financials have swung back in March and April. Combined, HIRSP is within about $36,000 dollars below its projected net income. It looks like May will be adding to the net income. It shows a loss of approximately $1.5 million. Joe explained that HIRSP is currently developing the 2010 budget, but it is difficult to see a particular trend for 2009 with each month being so different.

Josh said that the $1,000 deductible plan is now less popular than the $5,000 deductible plan. In general, most policyholders are moving to higher deductible plans. The $2,500 deductible plan is the most popular. Josh said HIRSP has about 4,000 subsidized policyholders and half of those have an income below $14,000.

Appeals continue to be relatively stable. We receive about three to five a month. We had three appeals that went to independent review. Two of these appeals were upheld and one was overturned. Josh said there was several complaints filed with OCI since the last Board meeting, but all had been resolved.

X. Committee Reports – Dennis Conta

Dennis asked each Committee Chairman to report on their committee.

Finance Committee

Joe reported that Milliman is taking another look at the reserve methodology that they have been using. Not necessarily because HIRSP has any dispute with the current approach, but simply to examine the differences that may occur by using an alternative plan specific approach. Milliman broke the reserve out by plan and it was presented at the last Finance Committee meeting. There was not a great deal of difference between the two approaches. Milliman will continue to break them out by plan while still using the existing methodology, as well. Milliman will also be providing historical information on the reserve that they report on each month.

Consumer Committee

Dianne reported their was a conference call regarding the Best In Class specialty pharmacy plan with the Consumer Committee, Consumer Advisory Council, HIRSP Staff, WPS and MedTrak.

Strategic Planning Committee

The first meeting of 2009 is scheduled for June 24, 2009 at the Hilton Hotel starting at noon and going until 3:00 p.m. Everyone from the HIRSP Board is invited to attend. The HIRSP benefit plan is on the agenda for the meeting.

Appeals Committee

The next meeting of the appeals committee is tomorrow at 2:00 PM in the HIRSP conference room.

XI. Other Business – Dennis Conta

Josh said the Annual Report is available and is now posted on the HIRSP website. WPS also met all their performance standards for the month and WPS will be moving to an a voice recognition system for customer service calls, but will maintain a separate phone number for HIRSP. You can opt out of the automated system at any time and speak with a real person.

There was no other business.

The meeting adjourned at 2:45 p.m. with unanimous consent.