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**Health Insurance Risk-Sharing Plan (HIRSP) Authority  
Board of Directors Meeting  
September 9, 2009**

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

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

**Others Present:** Amie Goldman, Josh Weisbrod, Jackie Ferris, Mary Endres, Judy Wanless, and by phone Bart Hoolehan

Dennis Conta opened the meeting by introducing Mary Endres to the HIRSP Board. Mary is the Authority's new Finance and Accounting Manager.

**I. Review and Approval of Minutes**

Dennis asked that the minutes be approved. Luann had a question regarding the formulary. In the minutes from the previous Board meeting it said the formulary changes would be brought back to the Board. Luann said that she had already received a letter stating the changes to the HIRSP formulary for 2010. Amie said that the formulary changes were taken to the Executive Committee in July for their input and were approved at that time. The minutes were then approved unanimously.

**II. Strategic Planning Committee Recommendations**

Josh went over the benefit changes that were recommended by the Strategic Planning Committee. Josh provided the Board with two handouts: a summary of the recommended changes and a table showing the cost associated with each change.

The seven recommended benefit changes were:

Transplant Benefit – Remove the existing limit of one transplant per organ and replace it with a \$500,000 lifetime limit on medical benefits for transplants.

Annette asked if this cap included drug coverage and Josh responded that drug costs do not accumulate towards the \$500,000 limit.

Dennis asked that Josh go through all of the benefit changes and then the Board will make a motion on all of the benefit changes at one time unless someone objected.

Lifetime Maximum - Increase the HIRSP lifetime maximum benefit from \$1 million to \$2 million for all medical and drug services. This change is pending legislative action to give the HIRSP Board the authority to increase the maximum lifetime benefit above the \$1 million.

Amie asked if the Board adopted this change, would the motion reflect that the change could be made as soon as HIRSP received legislative authority to do so. Dennis agreed that would be the assumption in the motion.

Genetic Testing – Increase the list of covered genetic screens to include 16 additional tests covered by WPS commercial policies.

Smoking Cessation - Cover three smoking cessation medications up to a \$500 per member annual limit.

A question was asked as to how much treatment could be provided for \$500. Amie said that the \$500 should cover the recommended course of drug therapy for smoking cessation and that the counseling component could be done through the Wisconsin smoking quit line.

Routine and Preventive Services –Provide coverage, subject to deductible and coinsurance, for an annual physical and associated labs/x-rays and expand the list of covered preventive services to include: Alcohol Misuse and Behavioral Counseling Interventions, Depression Screenings, Diet and Behavioral Counseling in Primary Care to Promote Health and Bone Density Testing.

Deductible Carryover –Eliminate the deductible carryover in 2009 with no credits being carried over to 2010.

Amie noted that the deductible carryover issue was discussed at the Consumer Advisory Council Meeting, where most of Council members didn't know they had the benefit and none opposed ending the benefit.

Drug Co-Pay – Increase the Tier 2 co-payment from \$30 to \$40. The committee also recommended that the drug co-pay amounts be evaluated every year as part of the budget process.

New HSA \$2500 Deductible Plan – Add a new \$2,500 deductible HSA plan.

Waiver of 6 Months Pre-Existing Condition Waiting Period. - Consider applying credit for previous insurance coverage against the waiting period after additional information on program impact can be collected. The additional information would be presented to the HIRSP Executive Committee and then the full Board of Directors at some point in 2010.

Larry Rambo made a motion to support all of the items and to continue the work on options relating to the waiver of the 6 months pre-existing condition waiting period for individuals who apply to HIRSP with previous coverage. The motion was seconded by Annette Stebbins and the motion passed unanimously.

Dennis thanked Larry Rambo for his contribution to the Strategic Planning Committee. Amie introduced Brad Piper of Milliman, who has been working with Scott on the HIRSP account, to the HIRSP Board.

### **III. Calendar Year 2010 Budget**

Scott Bentley and Brad Piper presented the new 2010 budget. Scott said that there were six points that they were going to cover.

1. Plan Options: Scott and Brad indicated that the Plan Options built into the budget for 2010 are as follows:

- \$1000 Deductible Plan
- \$2500 Deductible Plan
- \$2500 Deductible HSA Plan
- \$3500 Deductible HSA Plan
- \$5000 Deductible Plan
- \$500 Deductible Medicare Supplement Plan

2. Projected CY09 Reconciliation: Scott reported that policyholders, insurers, and providers are currently projected to contribute more than their share of funding in calendar year 2009. Estimated projected balances as of December 31, 2009 are \$14.9 million for policyholders, \$3.6 million for insurers and \$3.2 million for providers.

3. Minimum Surplus Levels: Scott indicated that in accordance with the surplus requirement policy the 2010 budget target reserve would be 175% of Risk Based Capital (RBC). The RBC calculation determined that the target reserve for 2010 is \$13.4 million. The projected balance of remaining surplus in excess of target RBC at the end of 2010 will be \$1.6 million for policyholders, the insurers will meet the target and providers will be just below the target.

4. Budget Assumptions: Scott indicated that he used a composite trend for 2010 of 1.9% for medical and -9.8% for pharmacy claims. He assumed a Usual and Customary fee increase of 5.1% and a Provider fee increase of zero percent. He also highlighted that he assumed a 32% reduction in \$1,000 deductible plan enrollment for 2010.

Amie said the enrollment assumptions for the year are a factor of two things, choice of coverage where people change plans and HIRSP losing people from the lower deductible plans who are replaced by people coming onto HIRSP in the higher deductible plans. Amie said that almost all of the new membership is coming in on the \$2,500 and the \$5,000 deductible plans. Amie indicated the composite assumption for the change in pharmacy costs for 2010 of -9.8% is due in large part to the increase in the drug co-pay on tier 2 medications from \$30 to \$40.

Scott said the premium change for all of the plans for 2010 would be: HIRSP \$1,000 - 11% increase, HIRSP \$2,500 - 6% increase, HIRSP \$3,500 HSA - 3% decrease and HIRSP \$5,000 - 15% decrease. The loss ratio for each of these plans for 2010 is: HIRSP \$1,000 - 187.7%; HIRSP \$2,500 - 188.6%; HIRSP \$3,500 HSA - 164.2% and HIRSP \$5,000 - 133.7%. HIRSP is looking to maintain a loss ratio of 166.7 % for each plan. In the composite, HIRSP is going from a 168.4% loss ratio in 2009 to a 174.3% loss ratio in 2010.

5. 2010 HIRSP Premium Comparison to Industry Standard: Scott indicated that the 2010 HIRSP premiums compared to the industry standard as follows: HIRSP \$1,000 - 161.6%; HIRSP \$2,500 - 113.0%; HIRSP \$3,500 HSA - 107.2% and HIRSP \$5,000 - 90.7%.

The board discussed the fact that HIRSP premiums would be below the standard market rate for the first time in the plan's history. Joe noted that HIRSP's role is not to have a premium rate that is more attractive than the commercial market, but at the same time the statutory funding formula of setting premiums at 60% of plan costs dictates the level of premium required.

Amie said that if HIRSP continued to have such favorable experience and low rates and there was evidence that this resulted in a negative impact on the market or the plan it could be necessary to revisit the statutory funding formula in the future.

6. Calendar Year 2010 Budget: Scott summarized the 2010 budget and indicated that total costs including subsidy costs were projected to be \$171.8 million for the year. He further noted that some policy holder surplus would be utilized to fund the plan in 2010 and therefore premiums were projected to be at 56.8% of program costs.

Joe Kachelski made a motion to accept the budget for 2010. The motion was seconded by Deb Severson. The motion passed unanimously.

#### **IV. 2010 Policy Changes**

Amie presented the proposed policy changes for 2010. Amie said she was not going to go over everything that had been changed in the policy, but rather only the substantive changes. However, all of the policy changes were detailed in the board handout.

She also informed the Board that beginning in 2010, WPS will move to electronic issue for all HIRSP policies and amendments. Members will still be able to request a paper copy of the policy and they can also download a copy from the HIRSP web site.

Amie highlighted the language for the newly expanded genetic testing benefit, which requires prior authorization. She also noted the policy language that was added to support an initiative undertaken by WPS, MedTrak and HIRSP to shift prescription drug dispensation from physician offices to pharmacies.

Amie highlighted the changes necessary to comply with the state law change allowing individuals eligible for BadgerCare Benchmark to enroll in HIRSP, including the need to adding newborn coverage back into the policy. Changes were also made to the policy to reflect the new state mandate and there is a placeholder in the policy for the autism mandate. Amie indicated that she would like the Board to approve the policy with the inclusion of the autism mandate once it is published.

Amie noted that the benefit had been expanded to cover care provides at “convenient care clinics” provided the clinic meets all other HIRSP provider requirements.

Amie summarized a few clarification included in the new language relating to exclusion of methadone treatment from the 100 visit limit on the outpatient mental health benefit and a more clear exclusion for non-formulary drugs.

Amie stated that the policy reflected the Strategic Planning Committee recommendations just adopted by the board.

Larry Rambo made a motion to approve the new HIRSP policy for 2010 and Annette Stebbins seconded the motion. The motion passed unanimously.

#### **V. Plan Administrator Procurement**

Amie said that the current HIRSP plan administrator contact with WPS was inherited from the Department of Health and Family Services, currently Department of Health Services. The current term of the contract expires March 31, 2010, but the contract allows for one last annual renewal

through March 31, 2011. WPS has proposed a 3% reduction to their current rate for the final year of the contract. The Executive Committee reviewed the WPS offer and voted to extend the contract to December 31, 2010 at the rate proposed by WPS.

With the existing contract expiring at the end of 2010, the HIRSP Authority has begun the request for proposal (RFP) process for a new plan administrator contract. Amie highlighted the key dates for the procurement timeline and asked for anyone interested in helping review and score the proposals to contact Josh.

#### **VI. NASCHIP and Federal Healthcare Reform**

Amie gave a brief update on federal healthcare reform and position NASCHIP has taken within the reform debate. NASCHIP has been tracking the healthcare reform discussions closely and has engaged the services of a consultant to keep the NASCHIP Board informed of pending legislative changes.

Amie indicated that NASCHIP has taken the stance that high-risk pools could play a very vital role during the transition period before national healthcare reform is fully realized. The proposals that are being talked about in Congress are not schedule to be fully implemented until 2013.

Amie state that a current barrier for most risk pools is limited funding for expansion and low-income subsidy programs. Therefore, if congress were to make an investment into the pools to reduce premiums that would be ready to serve people who are uninsurable today until the reforms take effect in 2013 or later. She noted her appreciated for Commissioner Sean Dilweg's help in advancing the proposal with the Wisconsin congressional delegation showing his supported for the NASCHIP proposal.

Amie said that the proposal put forth by Senator Baucus does include increased funding for risk pools for 2010.

#### **VII. Monthly Reports**

Amie indicated that the key financial data was covered in the budget discussion but alerted the Board to the fact that the 2009 RBC target was updated in the monthly reports. Previously the reports included the 2008 target. She also noted that enrollment has been growing. Josh pointed out that there had been one appeals case that went to an independent review since the last meeting and the appeals decision was upheld. Josh also noted that there have been three complaints to the Office of the Commissioner of Insurance since the last Board meeting and appeals have been down overall, but are up this month.

#### **VIII. Committee Reports**

Dennis asked for the committee chairs to report on their committees.

Joe noted that the Legislative Audit Bureau audit was on going and would be presented at the December Board meeting.

There being no other business, Annette Stebbins made a motion to adjourn the meeting. Joe Kachelski seconded the motion which passed unanimously.

The meeting adjourned at 3:00 PM