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**Health Insurance Risk-Sharing Plan (HIRSP) Authority  
Board of Directors Meeting  
February 22, 2010**

**Board Members Present:** Carol Peirick, Joe Kachelski, Dennis Conta, Annette Stebbins, Jason Klimowicz, Michele Bachhuber, Eileen Mallow, Larry Zanoni, Wendy Arnone, Luann Simpson, Larry Rambo and Deborah Severson.

**Board Members Absent:** Wayne MacArdy

**Others Present:** Josh Weisbrod, Jackie Ferris, Amie Goldman, Mary Endres, Judy Wanless, Lynn Pink, Bart Hoolehan, Lori Stowe, Aimee Wierzba, Vicki Buchholtz and Nancy Wenzel.

Dennis called the meeting to order. He introduced Wendy Arnone, a new HIRSP Board member. Wendy is filling the vacant insurer representative seat. She is a CEO of United Health Care and lives in Green Bay. Dennis indicated that the HIRSP Board is pleased to have Wendy as its new member.

**I. Review and Approval of Minutes**

The minutes were reviewed and Dennis asked that they be approved. Larry Zanoni made a motion to approve the minutes seconded by Annette Stebbins. The motion passed unanimously.

**II. Calendar Year 2009 Financial Report**

Mary reviewed the HIRSP balance sheet as of December 31, 2009 with the board. She reported the total assets as of December 31, 2009 are \$52.2 million. This is a \$21.7 million less than total assets as of December 31, 2008. The majority of the change is due to cash assets as of December 31, 2009 being \$22.8 million less than cash assets as of December 31, 2008. This is reflective of the distribution of \$11.9 million to policy holders and also the decrease in insurer assessments and premium revenue.

Total Liabilities as of December 31, 2009 are \$24.1 million. This is \$14.2 million less than total liabilities as of December 2008. The difference is in part due to the \$11.9 million accrual for the distribution to the policyholders that was sitting in liabilities as of December 31, 2008. Where as of December 31, 2009 there was not an accrual for a policy holder distribution

Mary moved onto reviewing the statement of revenues, expenses, and change in retained earnings with the Board. Total operating revenue as of December 31, 2009 was \$137 million which is \$4.5 million less than budget. This is a result of premium revenue being less than budget because of a shift of members to higher deductible plans and overall enrollment being less than projected. The aggregate medical and pharmacy loss as of December 31, 2009 of \$140.6 million was better than budget by \$15.8 million.

The total administrative expenses as of December 31, 2009 were \$6.7 million and were right on target with budget. Year -to-date total non-operating revenue of \$2.8 million was less than budget by \$380,000 which is due to interest coming in below budget. This is to be expected due to the poor

yields in the market during 2009. Net loss of \$7.4 million as of December 31, 2009 was better than budget by \$ 10.8 million.

Policyholder equity as of December 31, 2009 was \$19.8 million which exceeded the RBC target reserve by \$10.3 million. HIRSP policy holder equity is \$1.1 million better than what was projected at the December 2009 meeting. Provider equity is at \$3.1 million and falls short of the reserves by \$40,000 but better than what was projected. Insurer equity is at \$5.1 million exceeds the RBC target by \$1.9 million. Total retained equity as of December 31, 2009 is \$28 million.

Dennis noted that he thought it was remarkable how close the administrative expenses were to the budget being only \$14,000 over budget.

Mary explained that the estimated rebates for 2009 were higher than 2008. Mary indicated that MedTrak's rebate program is administered through Medco and there was a discrepancy in the reports received from Medco. HIRSP is working with MedTrak to obtain some additional information from Medco to determine the accurate rebate accrual for 2009. There is a chance that HIRSP may need to restate the estimate and accrual for rebates. This would change the reported financial activity for 2009.

### **III. 2009 Low-Income Subsidy Report**

Mary reviewed a report that compared the subsidy program for 2009 to 2008. She indicated that HIRSP served 47% more members with the low-income subsidy program in 2009 than in 2008 and the cost during this time only increased by 9%. There was an overall shift of members to the higher deductible plans. The subsidy income limit for 2009 was increased from \$25,000 to \$33,000 which accounted for a large portion of the growth in the subsidy program. However, overall there was growth in subsidies in all the subsidy category levels by income in 2009.

Mary said that as of the end of January 2010 the number of members receiving subsidy is significantly lower than it was as of December 31, 2009. Mary said the February numbers will provide us more accurate picture of the number of subsidies since annual re-certifications are still being processed. The number of subsidized members was projected to be about 4,100 for 2010.

### **IV. 2009 HIRSP Application Data**

Amie said that in late 2007 or early 2008 HIRSP had approached WPS to see if they could capture, for the purposes of analysis, more data from the application. The data needed was employment status and income.

Amie outlined the policy changes previously approved by the Board that allow individuals that were not otherwise eligible for HIRSP to now come on to HIRSP and to waive the six month waiting period. These are people who have lost Medicaid/BadgerCare, lost other high-risk pool coverage and members of the Farmer's Cooperative. People who had COBRA but the premiums were higher than HIRSP and people with mini-med policies could also enroll in HIRSP if they met the eligibility requirement but they would be subject to a six month pre-ex period. Amie walked through the handout that indicated how many people qualified for each of these categories in 2009.

Amie reported that 514 individuals came onto HIRSP after cancelling their individual policy. HIRSP has 186 members who are on HIRSP and also on a limited benefit Medicaid program. HIRSP has 41 members on the Wisconsin Chronic Disease Program, a state funded program for individuals that have cystic fibrosis, chronic renal disease and hemophilia. HIRSP doesn't pay for

drugs that are covered by the Wisconsin Chronic Disease Program during a member's first six months of enrollment and enrollment in this program for HIRSP members is very stable.

The Core Plan has 284 members who are also enrolled in HIRSP. Between January and February of this year HIRSP had 104 members leave HIRSP who were dually enrolled. HIRSP pays secondary for the 284 individuals on both HIRSP and Core. There are also three HIRSP members on the BadgerCare Plus Benchmark Plan.

Amie reported that distribution of applicant's household income for the years 2008 and 2009 has remained about the same. In looking at the employment status of HIRSP applicants for 2007 thru 2009 there was a shift from self-employed to employed by some one else. Amie noted that 26% of applicants were self-employed in 2007 and only 18 % reported self-employment in 2009.

Amie noted that staff saw an increase in situations where employers dropped health coverage for their employees resulting in a number of employees from the same business applying to HIRSP. In 2007, 34 businesses had two or more HIRSP applicants and 11 had three or more. In 2008, 46 businesses had two or more HIRSP applicants and 13 had three or more. In 2009, 81 companies had two or more HIRSP applicants and 27 had three or more. Eight companies had 4 or 5 employees apply to HIRSP. For companies with more than five employees on HIRSP we also checked spousal employment and found one company had seven, two companies had 11, one company had 16 and one company had 30 employees or spouses of employees come to HIRSP.

Lastly, Amie reported that the proportion of new enrollment attributable to HIPAA increased again in 2009 to 62% of new applicants. These members are not subject to the six month waiting period for pre-existing conditions.

## **V. Enrollment Update**

Josh reported that in the 4<sup>th</sup> quarter of 2009 HIRSP had 16,381 members compared to the 4<sup>th</sup> quarter of 2008 which showed 16,252 members. There was an increase of 129 members in 2009. The HIRSP 1,000 plan has shown a decrease in members and the \$5,000 deductible plan has increased and now has more members than the \$1,000 deductible plan. Josh noted that enrollment for the first part of 2010 is ahead of budget, but that it's too early to tell if this is going to be a trend or if it will balance out in the next few months.

## **VI. MedTrak Pharmacy Update**

Bart Hoolehan introduced Laurie Stowe as the account manager from MedTrak for HIRSP. The HIRSP comparison between 2008 and 2009 shows the number of members is almost the same, while the total number of prescriptions declined in 2009. Total drug spend, and per member per month cost were also down in 2009. The average brand approved price went up in 2009 but the average generic approved price went down. The average approved price overall went up from \$75.27 in 2008 to \$77.62 in 2009. The average dispensing fee went down in 2009 about 11.5% and the administrative fee also went down 11.5%. Bart noted that all of the data reported included the Medicare Supplement Plan members.

Larry Zanoni wanted to know if they could add another row to this report that would include the scripts per member per month and scripts per member per year. Bart said that could be done and Amie said that would also be good in the annual report. Amie said HIRSP was at 3.2 scripts per month per member and now it is 2.7 scripts per member per month, which may reflect a change in the health status of the population.

Amie drew the board's attention to the report summarizing generic utilization by HIRSP plan, which illustrated that members on the HSA plan who are paying 100% of the cost of their prescription drugs during the deductible period have a generic utilization rate of 79% compared to the HIRSP 1,000 Plan where the utilization is at 65.7%.

Laurie reminded the board that a formulary change was made late in 2009. In October, MedTrak rolled out their proton pump inhibitor (PPI) program under which members have to try either Nexium or Omeprazole before the prescription benefit will cover Pantoprazole or any higher costing drug. MedTrak analyzed the data they had from July 1, 2009 through September 30, 2009 and compared it too the data from October 1, 2009 through December 31, 2009. During the July through September period there were 4,895 prescriptions of these three drugs filled at a cost of \$67.08 per member and during the October through December period there were 4,620 fills at a cost of \$49.83 per member. More members had switched to either the Nexium or Omeprazole. Laurie reported that MedTrak estimated the annual savings of implementing the program to be just over \$326,000.

Bart said that MedTrak sent letters out to members and gave them six weeks to make the change to either Nexium or Omeprazole. The letter does not say it is an exact replacement, but rather an equivalent medication and directs them to speak to their physician. MedTrak customer service department experienced very few phone calls related to this program. Wendy wanted to know if HIRSP knew if anyone just stopped taking the drug. Laurie said that in December MedTrak checked to see who had not switched over and there were 30 members who then received an additional letter. Laurie said MedTrak planned on checking again in the second quarter.

Bart then reported on the success of the ScriptCHOICE program that targets 20 to 25 therapy classes where members who are on high costing drugs are informed about lower-cost alternatives that they could discuss with their doctor about switching to. A total of 1,117 letters were sent in mid April and again in October, resulting in 289 switches for 2009 or a 25% switch rate. Each switch saved the member about \$600 annually.

Bart outlined the activity under the generic co-pay waiver program which targets seven classes of drug, including antidepressants, sleep aides, proton pump inhibitors, and cholesterol medications.. Some of the brand name drugs in these classes are very popular, despite the fact that some of them have very good generic alternatives which used to be blockbuster brand drugs and are inexpensive. MedTrak sent out 1,481 letters in April and October and they had 82 switches which is a 5% switch rate. If the member switches to a generic equivalent their copays are waived for six months.

Amie said that with the 2010 increase in the brand copay to \$40 the value of the copay waiver program goes up by \$60. It was also noted that the impact of the co-pay waiver program could be mitigated for HIRSP members whose out-of-pocket drug costs are capped under the low-income subsidy program and therefore have less of a financial incentive to make the switch. MedTrak was going to look at the data to determine if that appeared to be the case.

Bart provided the Board with an overview of the new WellTrak medication therapy management program that was rolled out in January 2009. Under the program, MedTrak has pharmacists that make telephone calls to members. They discuss their current medications, supplements and over the counter drugs. The pharmacist tries to optimize the medications the member is taking to avoid drug reactions and ineffective medications. The also try to help the member save money by discussing tablet splitting, alternative therapies and generic dispensing. At the end of the discussion a letter is

sent to the member and to the primary care physician or a physician of the member's choice stating what was discussed.

Bart reported that MedTrak was going to implement a pilot WellTrak program for the HIRSP \$2,500 Plan to target members who have one or more chronic conditions and are taking five or more prescription medications (excluding diabetics). A total of 75 members will be invited to participate. The goal is to have 25 members enrolled by March 15, 2010. MedTrak will then have a call with these members and report back to the HIRSP Board at the May meeting.

Laurie and Bart presented the result of the annual MedTrak satisfaction survey. A postcard was sent to all members asking them to go to the MedTrak web site to do the survey. They were then entered into a \$250 drawing. MedTrak received a response rate of 5.8%. Of the 5.8% of the responses 95% were extremely satisfied. Customer service satisfaction was 96.8%. Twelve members identified themselves and asked to be contacted regarding a problem or question and Laurie reported that MedTrak has started to reach out to these members.

Amie said that HIRSP was interested in the satisfaction of the specialty mail order members which will be coming later in the year. The survey will be going out in late May. Dennis complimented MedTrak for having served HIRSP policyholders very well over the last year.

#### **VII. Disease Management Contract Update**

Amie reported that LifeMasters who was the vendor for the HIRSP diabetes care management pilot had declared bankruptcy in late 2009 and as part of the proceedings the assets of LifeMasters were sold to StayWell Health Management. StayWell, who is headquartered in St Paul, MN, and LifeMasters had a previous working relationship where LifeMasters contracted with StayWell to bring a wellness program to their clients. The terms of the HIRSP contract with LifeMasters transfer over to StayWell with no interruption in service. Amie that organizational changes within LifeMasters have resulting in better account management and that she was looking forward to evaluating the effectiveness of the pilot later in the year.

#### **VIII. Legislative Updates**

Amie reported that a bill was introduced in the legislature to create a BadgerCare Basic Program that would provide health care coverage to individuals on the Core Plan waiting list. BadgerCare Basic is structured to be a self funded plan with estimated premiums of \$130 per month. Since some low-income, younger individuals on the wait list may be able to also access coverage under HIRSP, an amendment to the bill may direct The Department of Health Services to share information about HIRSP coverage with individuals on the wait list. .

Amie reported that Assembly Bill 701 had been introduced by OCI as a technical clean up bill for the agency and that it included authority for the Commissioner of Insurance to exempt insurers from paying a HIRSP assessment after a public hearing. Amie and Eileen confirmed that subsequent to the bill's introduction OCI has decided to seek an amendment to delete this language from the bill.

Amie informed the Board that the federal risk pool grant program expires at the end of this federal fiscal year. The National Association of State Comprehensive Health Insurance Pools (NASCHIP) has been actively seeking reauthorization for the grant program and a higher appropriation than in the past. Amie is currently drafting a letter to the Wisconsin congressmen who sit on the four key committees. The letter will be sent under Amie's signature and will include the names of all HIRSP Board members.

Amie also noted said that the risk pool provisions are still part of the discussion for the federal healthcare reform.

Amie then shared a letter from CMS which clarified federal law with regard to individuals reach the lifetime maximum under a pool, disenroll an then once again became HIPAA eligible Under federal law, such an individuals would be eligible for coverage under the pool with a new lifetime maximum. Amie reported that she was only aware of one risk pool that had come across this circumstance.

Larry Rambo left the meeting.

#### **IX. Monthly Reports**

Josh said that WPS has met all the performance standards in the fourth quarter of 2009. There were 69 appeals for the year 2009, 27 were denied, 33 were approved and nine resulted in compromises. There were three appeals for January of 2010.

Six appeals were sent out for an Independent Review in 2009, three were upheld and three were overturned. There have been no Independent Reviews so far in 2010. There were three complaints since the last board meeting and all of them have been resolved.

#### **X. Committee Reports**

Dennis asked if any of the committees had anything to report. There were no additional committee reports.

Dennis asked that the meeting go into closed session. Joe made a motion to go into closed session and Annette seconded the motion. The roll was called to vote on the motion. Dennis Conta, Joe Kachelski, Michele Bachhuber, Jason Klimowicz, Larry Zaroni, Wendy Arnone, Carol Peirick, Annette Stebbins, Luann Simpson, Deborah Severson and Eileen Mallow all voted yes. Larry Rambo and Wayne MacArdy were absent.

Dennis said the meeting was now in closed session.

Dennis then asked for a motion to go back to an open meeting. Joe Kachelski made a motion to go back to an open meeting and Annette Stebbins seconded the motion. The motion passed unanimously.

#### **XI. Other Business**

Dennis asked if there was any other business to come before the board. There was no other business. Dennis asked that the meeting be adjourned.