

Board Meeting Minutes
Illinois Comprehensive Health Insurance Plan
August 28, 2007
JRT Center, Room 9-035
11:00 a.m.

Attendance

Board Members

Michael McRaith
Ray Threlkeld
Jim Meyer
Richard Kotz
Kevin Connor
Steve Kinion
Jay Naftzger (Phone)
Howard Bolnick (Phone)
Frank Mautino (Phone)

CHIP Staff

Tim Sullivan
Mindy Kolaz
Cheryl Meisenheimer
Barb Huddleston
Marty Morris
Jan Kirby
Brenda Ashford
Linda Cashatt
Mary Darnall
Kim Thomas
Bob Wagner

Others

Rick Nelson (Phone)
Jay Shattuck – Shattuck & Associates
Betsy Mitchell – Betsy Mitchell & Associates
Pepina Rulle –BCBSIL
Mike McCabe – BCBSIL
Dan Sheedy – WHI
Bobbie Kincaid

Chairman McRaith called the meeting to order. Roll was taken and it was determined a quorum was present.

The first item on the agenda was the approval of the minutes from the June 21, 2007 Board meeting. Steve Kinion moved to adopt the minutes, with one spelling correction. Jim Meyer seconded the motion and it carried.

Marty Morris reported that there had been no changes to the premium base of \$14,819,560,007 since the Assessment Committee met on August 2 of 2007.

Dick Kotz presented the report of the Finance Committee meeting of August 28, 2007. He reported that the committee recommended a Section 15 assessment for FY 2008 of \$19,815,000, including \$550,000 for disease management (DM) expenses. The assessment had been increased by \$150,000 because the DM bidders, in their initial calculations, overestimated the health of CHIP's participants.

Dick Kotz moved that the Section 15 assessment for FY 2008 be \$19,815,000. Board Chairman Michael McRaith seconded the motion and it carried.

Jay Naftzger requested that the \$550,000 for DM expenses be segregated for accounting purposes from the balance of the assessment, and that it not be used to pay claims. The Board agreed to the request.

Dick Kotz reported on the August 2, 2007 Joint Actuarial/Finance Committee meeting. He said that the premium rate generation process and the High Deductible Health Care Plan issues were to be discussed at a special meeting of the Actuarial/Finance Committees at a later date to insure complete coverage and discussion of these important issues. He said the committee recommends adopting March 31, 2007 claim reserves of \$4.5 million for the Section 7 pool, and of \$6.9 million for the Section 15 pool. Motions to adopt the committee's recommendations concerning the reserves carried.

Next, Dick Kotz discussed the deficit projection for FY 2008 for the Section 7 and 15 pools. He asked Rick Nelson of Tillinghast to report on the deficit projections. Rick Nelson referred the members to Exhibit 4 on page 8 of his letter dated July 25, 2007. He pointed out that DM expenses had increased the deficit projection for the Section 7 pool by \$100,000 to a total of \$23.2 million. Dick Kotz moved to adopt a projection of \$23,206,000 for the Section 7 pool deficit for FY 2008. Steve Kinion seconded the motion and it carried.

Rick Nelson gave an overview of the deficit projection for the Section 15 pool. He referred the members to Exhibit 4 on page 16 of his letter dated July 25, 2007. He remarked that the increase of approximately \$13.5 million in medical discounts for FY 2008 over FY 2007 was due to the new plan administrator contract. This increase was, to a small extent, offset by the increase in expenses resulting from the higher PMPM fees in the new contract.

After discussion, Dick Kotz moved to adopt a projection of \$25,402,000 for the Section 15 pool deficit for FY 2008. Steve Kinion seconded the motion and it carried.

The Board then discussed the assessment premium base, focusing on page 9 in the tab labeled "Assessment Premium Base." This page, entitled "Calculation of FY 2008 Assessment Allocation Factor", shows \$14,829,541,673 as the FY 2008 assessment premium base. Dick Kotz moved to adopt this amount as the FY 2008 assessment premium base. Jim Meyer seconded the motion and it carried. When adjusted for \$9,981,666 in premium of companies not subject to assessment because they fall below a \$100 assessment threshold, the assessment premium base becomes \$14,819,560,007. Dick Kotz then moved to adopt this adjusted figure, which had been recommended to the Board by the Finance Committee, as the FY 2008 assessment premium base. Steve Kinion seconded the motion and it carried.

(Jay Naftzger disconnected from the call.)

Jim Meyer presented the report of the Underwriting & Carrier Oversight Committee. He reported that the committee would be meeting with the three finalists in September and invited any member of the Board to attend, along with members of the industry or other interested parties. He stated that the meeting was tentatively set for September 21, 2007 in Chicago. Allison Johnson would also be attending. The committee had asked the three finalists to send clinical representatives to the meeting and not their marketing representatives.

Ray Threlkeld presented the report of the Communications Committee. He advised the Board that the committee recommended adoption of the 2006 annual report with a few minor changes. Two hundred copies of the report would be printed, and a copy would be distributed to each member of the General Assembly. The committee directed staff to put the report on the internet, and to have enough copies printed to accommodate requests for them from interested parties.

Steve Kinion moved to adopt the 2006 annual report and its distribution. Jim Meyer seconded the motion and it carried.

The next item on the agenda was the All-Kids program expansion. Chairman McRaith presented an overview of the proposed expansion to the Board. He said that the proposal would allow young adults who turn 19 under All-Kids and are not eligible for other public programs to enroll in CHIP up to their 21st birthday. Young adults would be allowed to enroll in CHIP if they had one of the presumptive conditions in the CHIP brochure. The cost to the young adults enrolling in the CHIP program would be similar to their cost in the current All-Kids program.

The program would be constructed so it would not raise costs for the current CHIP participants. Chairman McRaith added that staff would work out a general outline of the proposed program and get it to the Board members. The Board could then shape the program and perhaps present alternatives to the proposal.

It was suggested that the presumptive conditions list should be reviewed and perhaps revised. The young adults would have to be identified prior to their 19th birthday to allow them to fulfill the CHIP six-month pre-existing condition exclusion. Chairman McRaith added that the state agencies affected by the proposal are working with CHIP to resolve all these issues. Chairman McRaith said that he would be in contact with the Board in the next few weeks. He added that talks on funding and other issues would continue and those are the issues he would hope to bring to the Board in the next few weeks. He invited members of the Board to participate in the preliminary discussions if they were interested.

Chairman McRaith then moved that CHIP:

Resolve as a Board to support the objective of providing continuous healthcare coverage to eligible individuals to their 21st birthday; and

Resolve to support this with CHIP staff participating in the process; and

Resolve to consider additional presumptive conditions to serve the objective of the program when fully developed and implemented.

Ray Threlkeld seconded the motion and it carried unanimously.

Tim Sullivan gave the Executive Director's report. He told the Board that there would be a change at the federal level with the Health Coverage Tax Credit (HCTC) program. He reported that the current program would expire at the end of Federal Fiscal Year 2007 on September 30, 2007. He said a bill was in the Senate to extend the program five years, to raise the amount paid for participants' premiums from 65% to 85%, and to extend the HCTC to members of the service industries who lose their jobs to foreign trade. If the bill were to become law, it would increase membership in the Section 15 pool.

Bob Wagner, Legal Counsel, had no report.

Pepi Rulle, from Blue Cross, Blue Shield (BCBS) of Illinois, reported that Kathy Aase had left her position with the ICHIP unit. Mike McCabe would replace her as the Senior Supervisor of the ICHIP unit.

Dan Sheedy, from Walgreen's Health Initiatives (WHI), reported that there would be some co-pay changes to consider at the next meeting with CHIP. He also reported that the cooperation between WHI and BCBS had improved and things were getting done on a timely basis.

There being no other matters to come before the Board, Jim Meyer moved to adjourn. Ray Threlkeld seconded the motion and it carried.