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The Year in Review

Legislative Appropriation

The Illinois General Assembly appropriated $7 million for the traditional CHIP program for fiscal year (FY) 2006. CHIP had not received an appropriation since FY 2002.

Premium Relief

A multi-million dollar grant, secured from the U. S. Department of Health and Human Services, was used to provide insurance premium relief for federally eligible individuals covered by CHIP during 2005. CHIP used approximately $4.6 million in federal funds for insurance premium relief for the nearly 11,000 persons enrolled in the HIPAA pool. The average amount of premium relief was $426. Additional federal grant funds awarded will provide additional premium relief of approximately $5.7 million in 2006.

Medicare Part D

Although Medicare Part D did not take effect until January 1, 2006, preparation for the program at CHIP commenced during 2005. The impact on CHIP has been significant, especially for those enrolled in Plan 2, whose primary coverage is with Medicare due to disability. Participants were notified that prescription drugs would no longer be covered by the Plan effective January 1, 2006 and of the importance of signing up for Medicare Part D. Coverage for Plan 2 participants continues, but at a reduced premium. Drugs that are covered under Medicare Part B will, of course, continue to be reimbursed under the Plan 2 benefit schedule.

Online Applications for Plans 2, 3 and 5

Nearly one quarter of all applications received by the CHIP Board Office from July 1, 2005 through June 2006 were submitted online. Beginning July 1, 2005, the Board Office provided the capability for persons to apply for coverage, in all available plans, on-line. Since then, 1,680 persons have applied and more than 1,200 followed by sending in their signed paperwork. Providing this secure capability has saved time and has enhanced accuracy because the applicant’s keyed information is transferred directly into our on-line participant system once the signed paperwork is received. This on-line internet option has been available for the TAA/PBGC plans since their inception in 2003.

Cost Containment

Cost containment activities that are ongoing include the PPO program, which encourages the use of preferred physicians and facilities. It has been successful in resulting in greater savings for some years. Pre-admission review of hospital and skilled nursing facility confinements is required. Medical management of large cases is also an effective cost containment tool. Penalties for non-compliance with the pre-review requirement may be incurred, which can cause benefit reductions or denial of payment for hospital charges. Prior approval is also required to
receive benefits for certain durable medical equipment, hospice or home health care services, and certain organ transplants. While these approaches have been successful, the Board is continually reviewing these activities.

### Third Party Liability

On June 14, 2005, Governor Blagojevich signed HB 197 into law as Public Act 94-0017, which amended CHIP eligibility requirements with respect to third party liability claims. The Illinois CHIP Act has, since 1992, deemed persons ineligible for the program if they have in excess of $100,000 remaining from a structured settlement. Public Act 94-0017 changed this amount to in excess of $300,000. The change became effective January 1, 2006.
Who Qualifies for Coverage?

Traditional CHIP

Persons who are U. S. citizens or lawful permanent resident aliens may qualify for CHIP if they have resided in Illinois for at least 180 days and meet one of the following criteria:

- have applied for individual health insurance coverage and have been rejected because of health reasons;
- have an existing policy that is substantially similar to CHIP and costs them personally more than they would pay under CHIP; or
- have one of the 31 presumptive medical conditions that does not require a rejection letter from an insurer (see Table 1). These conditions are presumed to result in automatic rejections by all insurance companies. In these cases, the applicants may submit a letter from their attending physician.

Persons not eligible for Traditional CHIP are those who:

- have or obtain other health insurance that is substantially similar to or more comprehensive than CHIP or would be eligible for such coverage if they elected to obtain it (unless the rate they themselves would be required to pay exceeds what they would pay for CHIP);
- receive or are approved to receive medical assistance from the State of Illinois;
- are 65 years of age or older and are eligible for Parts A and B of Medicare;
- have voluntarily terminated coverage under CHIP within the past 12 months;
- have already received $1,000,000 in benefits paid under CHIP (Pursuant to PA 94-737, this maximum was increased to $1,500,000, effective May 3, 2006.);
- are residents of a public institution;
- have their premium paid or reimbursed by a government agency or program, or by a health care provider; or
- have more than $100,000 remaining from a settlement or award as the result of an accident or injury involving third-party liability. (Pursuant to PA 94-17, this threshold has been raised to $300,000 effective January 1, 2006.)
<table>
<thead>
<tr>
<th>Presumptive Medical Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquired Immune Deficiency Syndrome (AIDS) or AIDS Related Complex (ARC)</td>
</tr>
<tr>
<td>Angina Pectoris</td>
</tr>
<tr>
<td>Arteriosclerosis Obliterans</td>
</tr>
<tr>
<td>Cerebrovascular Accident (Stroke)</td>
</tr>
<tr>
<td>Chemical Dependency</td>
</tr>
<tr>
<td>Cirrhosis of the Liver</td>
</tr>
<tr>
<td>Coronary Insufficiency</td>
</tr>
<tr>
<td>Coronary Occlusion</td>
</tr>
<tr>
<td>Cystic Fibrosis</td>
</tr>
<tr>
<td>Friedreich’s Ataxia</td>
</tr>
<tr>
<td>Hemophilia (Classical)</td>
</tr>
<tr>
<td>Hodgkin’s Disease</td>
</tr>
<tr>
<td>Huntington’s Chorea</td>
</tr>
<tr>
<td>Juvenile Diabetes</td>
</tr>
<tr>
<td>Kidney Failure Requiring Dialysis</td>
</tr>
<tr>
<td>Leukemia</td>
</tr>
<tr>
<td>Lupus Erythematosus Disseminate</td>
</tr>
<tr>
<td>Metastatic Cancer</td>
</tr>
<tr>
<td>Multiple or Disseminated Sclerosis</td>
</tr>
<tr>
<td>Muscular Atrophy or Dystrophy</td>
</tr>
<tr>
<td>Myasthenia Gravis</td>
</tr>
<tr>
<td>Myotonia</td>
</tr>
<tr>
<td>Paraplegia or Quadriplegia</td>
</tr>
<tr>
<td>Parkinson’s Disease</td>
</tr>
<tr>
<td>Poliomyelitis</td>
</tr>
<tr>
<td>Polycystic Kidney</td>
</tr>
<tr>
<td>Severe Traumatic Brain Injury</td>
</tr>
<tr>
<td>Sickle Cell Anemia</td>
</tr>
<tr>
<td>Silicosis Pneumoconiosis (Black Lung)</td>
</tr>
<tr>
<td>Syringomyelia</td>
</tr>
<tr>
<td>Wilson’s Disease</td>
</tr>
</tbody>
</table>
Applicants who meet the criteria to be federally eligible under Section 15 may qualify for HIPAA-CHIP Plan 5 or a subset of the HIPAA pool for HCTC qualified individuals, Plan T or P.

For the HIPAA-CHIP (Federally Eligible Individuals) pool, Plan 5 only, the participant must:

- be a U.S. citizen or permanent resident alien;
- be a resident of the state;
- have at least 18 months of prior creditable coverage;
- have had his or her most recent prior creditable coverage under group health insurance coverage offered by a health insurance issuer, a group health plan, a governmental plan, or a church plan;
- not be eligible for coverage under a group health plan, Part A or Part B of Medicare due to age or medical assistance;
- not have any other health insurance coverage;
- have elected and exhausted COBRA or other continuation coverage, if eligible;
- not have had a break of more than 90 days between periods of prior creditable coverage; and
- have completed, signed, and submitted the proper application for coverage that is received by the CHIP Board Office no later than 90 days after the date his or her last group health insurance ended.

For the HIPAA-CHIP (Federally Eligible Individuals) pool, HCTC Plans P and T only, the participant must be an HCTC qualified individual who:

- is a resident of the state;
- has at least three months of prior creditable coverage;
- is not enrolled in a health plan maintained by the current or former employer of the HCTC eligible participant or spouse if such employer pays at least 50% of the cost of coverage;
- is not entitled to Medicare Part A or enrolled in Medicare Part B;
- is not enrolled in the Federal Employees Health Benefits Program (FEHBP), Medicaid, or State Children’s Health Insurance Program (SCHIP);
- is not entitled to health coverage through the U.S. Military health system (TRICARE/CHAMPUS);
- has not had a break of more than 63 days between periods of prior creditable coverage; and
- has completed, signed, and submitted the proper application that is received by the CHIP Board Office no later than 63 days after the date his or her last creditable coverage ended.
**Program Funding**

**Financial Statements**

*Table 2*

**Illinois Comprehensive Health Insurance Plan**

**Financial Summary Data (unaudited)**

**Year Ended December 31, 2005**

<table>
<thead>
<tr>
<th>Section 7</th>
<th>Section 15</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plan Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Written Premiums</td>
<td>$35,757,087</td>
<td>$65,300,052</td>
</tr>
<tr>
<td>Change in Unearned Premiums</td>
<td>359,889</td>
<td>(519,955)</td>
</tr>
<tr>
<td>Net Earned Premiums</td>
<td>36,116,976</td>
<td>64,780,097</td>
</tr>
<tr>
<td>Investment Income</td>
<td>892,220</td>
<td>1,363,410</td>
</tr>
<tr>
<td><strong>Total Plan Income</strong></td>
<td>$37,009,196</td>
<td>$66,143,507</td>
</tr>
</tbody>
</table>

| **Plan Expenses** | | |
| Paid Losses | $55,675,907 | $95,705,598 | $151,381,505 |
| Change in Incurred But Not Reported | (300,000) | 1,700,000 | 1,400,000 |
| **Total Incurred Losses** | $55,375,907 | $97,405,598 | $152,781,505 |
| Agent Referral Fees | $14,700 | $35,200 | $49,900 |
| Administrator Fees | 1,428,901 | 2,635,408 | 4,064,309 |
| CHIP Board Office Expenses | 926,300 | 1,496,012 | 2,422,312 |
| **Total Administrative Expense** | $2,369,901 | $4,166,620 | $6,536,521 |
| **Total Plan Expenses** | $57,745,808 | $101,572,218 | $159,318,026 |
| **Plan Deficit** | ($20,736,612) | ($35,428,711) | ($56,165,323) |

**Premiums**

For rating purposes, the state is divided into four geographic rate areas that reflect the relative differences in the cost of medical care in those areas. The basis for area rating is the participant’s county of residence, except for the City of Chicago.

- **Rate Area A**
  The City of Chicago.

- **Rate Area B**
  Suburban Cook, and all of DuPage, Kane, Lake, McHenry and Will Counties.

- **Rate Area C**
  All of Boone, Champaign, DeKalb, Grundy, Kankakee, Kendall, Madison, Peoria, Rock Island, Sangamon, St. Clair, Tazewell, and Winnebago Counties.

- **Rate Area D**
  The remaining 83 counties in downstate Illinois.
Premiums paid by CHIP participants vary depending on age, sex, area of residence in the state, the deductible amount, and the benefit plan for which they are eligible.

A premium discount is available in cases where two or more family members of the same household each qualify for and are enrolled in the same CHIP benefit plan and same deductible. The oldest qualified family member pays premiums at 100% of the stated rate, and all other family members pay premiums at 80% of the stated rate.

Section 7 (Traditional CHIP)

The Section 7 pool is funded primarily by two sources: (1) premiums paid by participants and (2) appropriations from the state’s General Revenue Fund.

Premiums are currently set at 143% of the average charged for comparable coverage by insurers in the Illinois market. Rates increased by an average of 1.1% on February 1, 2005, and by 1.7% on August 1, 2005.

For calendar year 2005, premiums earned of $36.1 million in the Section 7 pool covered approximately 63% of the total cost of providing coverage to the participants in this Traditional CHIP pool for that year.

The average annual premium paid by participants in 2005 was $6,135.

Section 15 (HIPAA-CHIP)

The Section 15 pool is currently funded primarily by three sources: (1) premiums paid by participants and (2) an assessment on the insurance industry and (3) federal grant funds. Premiums for the Section 15 pool are set at 135% of the average charged for comparable coverage by insurers in the Illinois market. The CHIP Board assesses health insurance companies, HMOs and Voluntary Health Service Plans to fund the projected deficit. The deficit is the difference between Plan Income and Plan Expenses (see Table 2).

For calendar year 2005, the $64.8 million in premiums earned in the Section 15 pool covered approximately 64% of the total cost of providing coverage to the participants in the HIPAA-CHIP pool.

The average annual premium paid by Section 15 participants was $6,009. This amount reflects an average reduction of $426 resulting from the application of federal grant funds.
Active Enrollment

Total enrollment in the CHIP program was 16,707 as of year-end 2005.

The enrollment cap for Section 7 is 5,950 persons. The CHIP Board establishes the number of participants provided coverage based on available resources. The cap has not changed since November 2002.

Demand declined for both Sections 7 and 15. Applications for the Section 7 pool decreased 2.1%, and applications for Section 15 decreased 15.2% from the previous year. Total enrollees as of December 31, 2005 for the HIPAA-CHIP Pool was 10,850. Under federal law there is no enrollment cap for this pool. Enrollment at the end of 2005 in Section 15 was 3% higher than at the end of 2004.

The HIPAA-CHIP Pool currently consists of three programs. Plan 5 covers persons served by the program since 1997. Two other plans, offered since 2003, cover persons insured by virtue of their participation in the Pension Benefit Guaranty Corporation (PBGC); and persons eligible pursuant to the Trade Adjustment Act (TAA). To date, enrollment in these two plans has yet to materialize as anticipated.

In 2005, participants in Section 15 comprised 64% of all participants.

Figure 1

Active Enrollment by Pool/Plan

Major Reasons for Termination

As in previous years, foremost among the stated reasons for termination during 2005 were other coverage (32%) and reaching age 65 (25%). Other reasons include nonpayment of premium (13%) and participant’s request for termination (9%).
**Age/Gender Distribution**

Persons aged 55 to 65 comprise the largest group in both Section 7 (40%) and Section 15 (47%). Persons between 45 and 55 comprise 29% of Section 7 and 25% of Section 15. The two groups, taken together, comprise the majority of participants, 69% of the Section 7 pool and 73% of the Section 15 pool. *Figure 5* shows the relationship of females to males in the plan.

*Figure 3*
**Geographic Distribution**

Of CHIP’s participants, 49% reside in suburban Cook and collar counties (Rate Area B); 25% in rural downstate counties (Rate Area D); 16% in downstate counties with large municipalities (Rate Area C); and 10% in the City of Chicago (Rate Area A). The Chicago metropolitan area, comprised of Rate Areas A and B, contains 59% of all participants. Every county in the state except one, Hardin County, had at least one person enrolled at the end of 2005.
### Counties with 100 or More Participants

<table>
<thead>
<tr>
<th>County</th>
<th>Plans 2 &amp; 3</th>
<th>Plan 5</th>
<th>PBGC</th>
<th>TAA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cook</td>
<td>1,751</td>
<td>3,438</td>
<td>30</td>
<td>3</td>
<td>5,222</td>
</tr>
<tr>
<td>DuPage</td>
<td>400</td>
<td>1,006</td>
<td>8</td>
<td>0</td>
<td>1,414</td>
</tr>
<tr>
<td>Lake</td>
<td>400</td>
<td>918</td>
<td>29</td>
<td>5</td>
<td>1,352</td>
</tr>
<tr>
<td>Will</td>
<td>204</td>
<td>365</td>
<td>6</td>
<td>1</td>
<td>576</td>
</tr>
<tr>
<td>Kane</td>
<td>141</td>
<td>315</td>
<td>1</td>
<td>0</td>
<td>457</td>
</tr>
<tr>
<td>Madison</td>
<td>120</td>
<td>193</td>
<td>119</td>
<td>1</td>
<td>433</td>
</tr>
<tr>
<td>McHenry</td>
<td>155</td>
<td>247</td>
<td>16</td>
<td>1</td>
<td>419</td>
</tr>
<tr>
<td>Winnebago</td>
<td>135</td>
<td>275</td>
<td>5</td>
<td>1</td>
<td>416</td>
</tr>
<tr>
<td>Sangamon</td>
<td>107</td>
<td>131</td>
<td>1</td>
<td>0</td>
<td>239</td>
</tr>
<tr>
<td>St. Clair</td>
<td>87</td>
<td>124</td>
<td>20</td>
<td>1</td>
<td>232</td>
</tr>
<tr>
<td>Peoria</td>
<td>73</td>
<td>144</td>
<td>2</td>
<td>3</td>
<td>222</td>
</tr>
<tr>
<td>LaSalle</td>
<td>89</td>
<td>106</td>
<td>0</td>
<td>1</td>
<td>196</td>
</tr>
<tr>
<td>Macon</td>
<td>73</td>
<td>92</td>
<td>0</td>
<td>2</td>
<td>167</td>
</tr>
<tr>
<td>Whiteside</td>
<td>46</td>
<td>90</td>
<td>30</td>
<td>0</td>
<td>166</td>
</tr>
<tr>
<td>Champaign</td>
<td>72</td>
<td>89</td>
<td>0</td>
<td>0</td>
<td>161</td>
</tr>
<tr>
<td>McLean</td>
<td>77</td>
<td>68</td>
<td>0</td>
<td>0</td>
<td>145</td>
</tr>
<tr>
<td>Tazewell</td>
<td>67</td>
<td>74</td>
<td>0</td>
<td>0</td>
<td>141</td>
</tr>
<tr>
<td>Kankakee</td>
<td>59</td>
<td>80</td>
<td>1</td>
<td>0</td>
<td>140</td>
</tr>
<tr>
<td>DeKalb</td>
<td>56</td>
<td>83</td>
<td>0</td>
<td>0</td>
<td>139</td>
</tr>
<tr>
<td>Adams</td>
<td>47</td>
<td>72</td>
<td>2</td>
<td>0</td>
<td>121</td>
</tr>
<tr>
<td>Kendall</td>
<td>37</td>
<td>68</td>
<td>0</td>
<td>0</td>
<td>105</td>
</tr>
</tbody>
</table>

**Subtotal**          | **4,196**  | **7,978** | **270** | **19** | **12,463**  
**All Other Counties** | **1,437**  | **2,476**  | **83**  | **24**  | **4,244**  
**Total**              | **5,857**  | **10,454** | **353** | **43**  | **16,707**  

**Figure 6**

**Enrollment by Rate Area**

- Area A: 25%
- Area B: 49%
- Area C: 16%
- Area D: 10%
Figure 7

Distribution of Participants by County

0
1 - 99
100 - 499
500 - 749
750 - 999
1000 - 4999
5000 - 5222
Net claims during 2005 totaled $55.7 million for the Section 7 pool and $95.7 million for the Section 15 pool. Section 7 net claims were 5% higher than they were for the end of the previous calendar year, and Section 15 claims were 4% higher.

Table 4
The following table details net claims processed during 2005, regardless of when they were incurred.

<table>
<thead>
<tr>
<th>Work Item Type</th>
<th>Plan 2</th>
<th>Plan 3</th>
<th>Plan 5</th>
<th>Plan P</th>
<th>Plan T</th>
<th>Adjusted</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordinated Home Care</td>
<td>$247,591</td>
<td>$369,488</td>
<td>$981,015</td>
<td>$5,605</td>
<td>1,108</td>
<td>0</td>
<td>$1,604,807</td>
</tr>
<tr>
<td>ECF/SNF</td>
<td>76,271</td>
<td>157,783</td>
<td>513,552</td>
<td>8,005</td>
<td>0</td>
<td>0</td>
<td>755,611</td>
</tr>
<tr>
<td>Inpatient</td>
<td>105,872</td>
<td>12,832,282</td>
<td>23,158,279</td>
<td>539,309</td>
<td>32,674</td>
<td>0</td>
<td>36,668,417</td>
</tr>
<tr>
<td>Major Medical</td>
<td>13,145</td>
<td>297,927</td>
<td>534,301</td>
<td>1,952</td>
<td>0</td>
<td>0</td>
<td>847,324</td>
</tr>
<tr>
<td>Medicare Deductible</td>
<td>157,096</td>
<td>0</td>
<td>912</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>158,008</td>
</tr>
<tr>
<td>Outpatient</td>
<td>698,745</td>
<td>9,664,551</td>
<td>19,477,460</td>
<td>481,347</td>
<td>43,357</td>
<td>0</td>
<td>30,365,461</td>
</tr>
<tr>
<td>Physician Services</td>
<td>1,405,622</td>
<td>10,966,212</td>
<td>24,785,994</td>
<td>418,026</td>
<td>43,005</td>
<td>(88)</td>
<td>37,618,770</td>
</tr>
<tr>
<td>Prescription Care Program</td>
<td>7,935,133</td>
<td>11,378,333</td>
<td>25,145,197</td>
<td>455,702</td>
<td>54,515</td>
<td>0</td>
<td>44,968,879</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td><strong>$10,639,473</strong></td>
<td><strong>$45,666,577</strong></td>
<td><strong>$94,596,710</strong></td>
<td><strong>$1,909,946</strong></td>
<td><strong>$174,660</strong></td>
<td>(88)</td>
<td><strong>$152,987,278</strong></td>
</tr>
<tr>
<td><strong>Adjustments</strong></td>
<td>(35,662)</td>
<td>(102,182)</td>
<td>(186,685)</td>
<td>6,630</td>
<td>0</td>
<td>0</td>
<td>(317,899)</td>
</tr>
<tr>
<td><strong>Total Processed Claims</strong></td>
<td><strong>$10,603,811</strong></td>
<td><strong>$45,564,395</strong></td>
<td><strong>$94,410,025</strong></td>
<td><strong>$1,916,576</strong></td>
<td><strong>$174,660</strong></td>
<td>(88)</td>
<td><strong>$152,669,379</strong></td>
</tr>
<tr>
<td>Prescription Rebates</td>
<td>(114,683)</td>
<td>(333,423)</td>
<td>(681,772)</td>
<td>(18,852)</td>
<td>(1,983)</td>
<td>0</td>
<td>(1,150,713)</td>
</tr>
<tr>
<td><strong>Net Paid Losses</strong></td>
<td><strong>$10,489,128</strong></td>
<td><strong>$45,230,972</strong></td>
<td><strong>$93,728,253</strong></td>
<td><strong>$1,897,724</strong></td>
<td><strong>$172,677</strong></td>
<td>(88)</td>
<td><strong>$151,518,666</strong></td>
</tr>
</tbody>
</table>

**Average Enrollment**
- 1,007
- 4,881
- 10,371
- 359
- 51
- 0
- 16,669

**Average Cost/All Work Items**
- $10,416
- $9,267
- $9,038
- $5,286
- $3,386
- $0
- $9,090

**Prescription Average Cost**
- $7,766
- $2,263
- $2,359
- $1,217
- $1,030
- $0
- $2,629

**Non-Prescription Average Cost**
- $2,650
- $7,004
- $6,679
- $4,069
- $2,356
- $0
- $6,461

---

**Net claims processed during calendar year 2005**

<table>
<thead>
<tr>
<th>Section Summary</th>
<th>Section 7</th>
<th>Section 15</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processed Claims</td>
<td>$55,720,100</td>
<td>$95,798,566</td>
<td>$151,518,666</td>
</tr>
<tr>
<td>Claim Refunds</td>
<td>(44,193)</td>
<td>(92,968)</td>
<td>(137,161)</td>
</tr>
<tr>
<td>Net Claims</td>
<td>$55,675,907</td>
<td>$95,705,598</td>
<td>$151,381,505</td>
</tr>
</tbody>
</table>
Figure 8 illustrates *average annual claim costs* per member for the two pools and differentiates *prescription* and *non-prescription* drug card claims. Plan 3 of Section 7 and Plan 5 of Section 15 are closely comparable.

In contrast, Plan 2 of Section 7 is anomalous. Average prescription drug card claims for this plan exceed the average non-prescription claims for Plans 3 and 5. With the advent of Medicare Part D, prescription drug benefits for persons on Plan 2 ceased as of January 1, 2006.

Figure 9 shows a convergence of average costs between the two pools at the end of 2005.

*Figure 8*

![Average Annual Claim Costs Per Member](chart1)

*Figure 9*

![Average Annual Cost Per Member by Pool 1997-2005](chart2)
**Administration**

CHIP is governed by a seventeen-member Board of Directors, which by statute includes the Director of the Illinois Division of Insurance as Chairman, a representative of the Attorney General, a representative of the Governor’s Office of Management and Budget, ten public members appointed by the Governor (at least two of whom must be reasonably expected to qualify for coverage under the plan), and four legislative members.

Claims processing, premium billing, and customer services are provided under a contract with an administrative carrier. Since January 1, 1992, Health Care Service Corporation, which does business as Blue Cross Blue Shield of Illinois (BCBSI), has served in this capacity.

The Board's activities are supported and managed by a staff based in Springfield, supervised by its Executive Director, **Timothy C. Sullivan**.

**Robert E. Wagner** serves as Chief Counsel to the Division of Insurance at the Illinois Department of Financial and Professional Regulation. He is also the General Counsel to the Illinois Comprehensive Health Insurance Plan Board of Directors. He was formerly an Assistant Attorney General and was in private practice for 13 years specializing in insurance transactions and litigation. He is a member of the United States and Illinois Supreme Court bars and received his Juris Doctor from the University of Kentucky School of Law.

**Rick Nelson** is a consultant with the Tillinghast business of Towers Perrin in the firm’s St. Louis office. He provides consulting services to organizations in the group life and health insurance industry, including insurers, stop-loss carriers, managing general underwriters, HMOs, PPOs, self-funded employer associations and state insurance departments. His areas of expertise include product development and pricing, valuation and actuarial opinions, experience analysis and conducting surveys of stop-loss and group life carriers. He is a Fellow in the Society of Actuaries and a Member of the American Academy of Actuaries.

The Board also receives actuarial support from an **Actuarial Advisory Committee** comprised of six life and health actuaries. This committee meets periodically to review, with members of the Board's Finance Committee, the results of Mr. Nelson’s work and any recommendations he proposes on rate adjustments, deficit projections, reserves, and other actuarial matters prior to their submission to the Board. The committee’s contribution has been very generous and helpful in assuring the long-term financial stability and success of CHIP.

**Board of Directors**

**Statutory Members**

**Attorney General Lisa Madigan**
Attorney General of Illinois; State Senator, serving as Minority Spokesperson on Senate Education Committee; litigator with Sachnoff & Weaver, Ltd., specializing in employment law; Assistant Dean for Adult and Continuing Education at Wright College, Chicago; volunteer school teacher of Zulu women in apartheid South Africa; graduate of Loyola University Law School and Georgetown University.
Michael T. McRaith  
Director, Division of Insurance  
Board Chair  

Director McRaith was appointed on March 21, 2005, and was unanimously confirmed shortly thereafter. Prior to his appointment, Director McRaith spent fifteen years in private practice as an attorney in Chicago. Director McRaith represented national and regional financial institutions, including insurers, in finance and finance-related litigation. He defended lenders, securities and commodities brokerage firms in class action and in mediation, arbitrations and trials. In his short term as Director, among many other efforts, McRaith has assisted the Illinois General Assembly confront the medical malpractice liability challenge. He has guided the Division’s investigation into the practice of contingent commission payments by insurers to brokers. He is a member of the Executive Committee of the AIDS Foundation of Chicago and the American Foundation for Suicide Prevention, Chicago Chapter. Director McRaith received a Bachelor of Arts degree from Indiana University in Bloomington and a law degree from Loyola University School of Law in Chicago.

John Filan  
Director, Governor’s Office of Management and Budget (GOMB)

Legislative Members

Bill Brady, Bloomington, IL  
State Senator, 44th District  

Republican spokesperson on the Senate Insurance Committee and on the Senate Pensions and Investments Committee; Member, Senate Revenue Committee. Active in workers’ compensation and tort reform and financial and insurance reform; Member Illinois House of Representatives, 88th District, 1988-2000; Chairman House Insurance and Pensions Committee; member of Financial Institutions, Energy and Environment, Child Support Enforcement, Judicial Reappointment, Labor and Commerce, and Prison Reform Management Committees, as well as the Economic and Fiscal Commission; co-founder and President of Brady Weaver GMAC Real Estate; co-founder Brady and Associates Construction and Development; civic involvement includes Chamber of Commerce, Catholic Charities and Illinois State University Institute for Regulatory Policy Studies; B. A., Illinois Wesleyan University, Bloomington, Illinois.

Don Harmon, Oak Park, IL  
State Senator, 39th District  

Senator Don Harmon is a graduate of St. Ignatius High School on Chicago’s near west side and Knox College in Galesburg, Illinois. Harmon worked his way through the University of Chicago, where he received both his law degree and MBA. He and his wife, Teri, live in Oak Park with their three young children. Elected to the Illinois Senate on November 5, 2002, Harmon currently serves as the Chairman of the Senate Revenue Committee and the Vice-chairman of the Senate Judiciary Committee. Rounding out his committee assignments are appointments to the Senate Environment & Energy Committee, the Senate Appropriations (II) Committee, and the Senate Pensions & Investments Committee.

David Leitch, Peoria, IL  
State Representative, 73rd District  

Member, House Committees on Human Services Appropriations, Environment & Energy, Joint Committee on Administrative Rules, and Spokesman for Housing & Urban Development; received 1998 American Medical Association Dr. Nathan David Award (awarded to the state legislator of the year in the U.S.); recipient of the National Government Achievement Award from the National Hemophilia Foundation; recipient of Legislator of the Year from National...
Alliance for the Mentally Ill. Vice-President, Area Development, National City Corp., N.A.; B. A. in History, Kalamazoo College, Kalamazoo, Michigan.

**Frank J. Mautino**, Spring Valley, IL
State Representative, 76th District
Chair, House Committee on Insurance and Legislative Audit Commission. Member of Registration and Regulation, Financial Institutions, Environment and Energy, and Judiciary II – Criminal Law Committees; Member of Economic and Fiscal Commission; full-time Legislator; received 2005 Democratic Leader of the Year Award from Illinois State Crime Commission; B. S. in Marketing and Administration from Illinois State University.

**Public Members**

**Howard J. Bolnick, F.S.A.**, Chicago, IL
Former Chair, Finance Committee. Chairman, InFocus Financial Group; Adjunct Professor, Kellogg Graduate School of Management, Northwestern University; former President, Celtic Life Insurance Company; former Partner, Coopers & Lybrand; Fellow of the Society of Actuaries; past-President, Society of Actuaries; Honorary Fellow, Institute of Actuaries (U. K.); Member of the American Academy of Actuaries; M. B. A., University of Chicago.

**Mitra B. Kalekar, M.D.**, Chicago, IL
Assistant Chief Medical Examiner, Cook County; Clinical Associate Professor of Forensic Pathology, University of Illinois; former Deputy Medical Examiner, Cook County, Illinois; former Clinical Assistant Professor of Pathology, University of Illinois; former Consulting Pathologist, Silver Cross Hospital, Joliet Illinois; former President, Indian American Medical Association; Fellow of the American Academy of Forensic Sciences; Board Member of the National Association of Medical Examiners; Delegate to the American Medical Association; M. B., B. S. T. National Medical College, Bombay, India; Bachelor of Medicine and Bachelor of Surgery (M. D.), Bombay University, India.

**Steve W. Kinion, Esq.**, Springfield, IL
Partner at Zack Stamp, Ltd. His practice focuses on insurance regulation, employee benefits, and individual and small group health coverage. Chair, Oklahoma Health Insurance High Risk Pool Board of Directors; Member, National Association of State Comprehensive Health Insurance Plans Board of Directors; Member, Springfield Chamber of Commerce Healthcare Task Force; past Chair, American Bar Association Insurance Regulation Committee; Member, Advisory Committee, 1st Annual Integrated Healthcare Leadership Summit: Co-Morbid Depression & Chronic Illness; Major, United States Army Reserve; B. A. from Northeastern State University; M. B. A. and Juris Doctor from the University of Tulsa.

**Richard F. Kotz, Esq.**, Glencoe, IL
Board Secretary
*Chair, Finance Committee*
Consultant and Attorney; former Vice-President - Law and Deputy General Counsel of Sears, Roebuck and Co.; Member, Illinois Assembly on the uninsured; President and Executive Committee and Board Member, Mental Health Association in Illinois; Board Member and Advocacy Chair, Mental Health Association of the North Shore; Board Member, Health and Disability Advocates; Advisory Board member, Psy. D. Program of the Chicago School of Professional Psychology; former consultant to National Institute of Mental Health; former Glencoe Village Trustee; former President and Board Member of Midwest Regional Group, and former National Board Member, of the American Society of Corporate Secretaries. Member of the American and Chicago Bar Associations, including former Chairman of the Securities Law Committee of the Chicago Bar Association; graduate of the Wharton School of Finance and
Johanna Lund, Ph.D., Rockford, IL
Consumer Member
Chair, Personnel Committee
Former Chair, Illinois Health Care Cost Containment Council; Chairman & CEO, Health Care Consultants, Inc.; Member Dean's Council, UIC College of Medicine at Rockford; Faculty Appointments at UIC College of Medicine at Rockford and Luther Bible College; Healthcare Advisory Committee, Congressman Donald Manzullo; Founder and Chairman of Eagle Institute; Public Safety Commissioner, Winnebago County Sheriff's Department.

James M. Meyer, Naperville, IL
Chair, Underwriting & Carrier Oversight Committee
Chair, Grievance Committee
Area Executive Vice President, Gallagher Benefit Services, Inc.; Former Member of the Board of Directors, Worksite Wellness Council of Illinois; Member, International Foundation of Employee Benefits; B. S. in Business and Economics, University of Wisconsin.

Jay R. Naftzger, Esq., Naperville, IL
Past Member of the Board of Directors and past Chair, Illinois Health Maintenance Organization Guaranty Association; Past Director and Past Secretary, Illinois Association of HMOs; Past-Chair of the Health Insurance Law Committee of the Tort and Insurance Practice Section of the American Bar Association; Attorney; Admitted to practice in Illinois and Minnesota; B. B. A. and Juris Doctor, University of Iowa; Master of Management, Northwestern University.

George Ryniak, Palos Heights, IL
Agent, American Family Insurance, since 1988; Village Trustee in Chicago Ridge, 1975 to 2001; Chairman of the Police Committee, Employee Relations Committee; and Insurance Committee; Former State of Illinois employee; Graduate, Illinois Benedictine College, Lisle, Illinois.

Robert E. Schaaf, Springfield, IL
Chair, Communications Committee
President, Insurance Management Services, Inc.; Chairman, Springfield Housing Authority; Chairman and President, Capitol City Coalition, Inc.; Past Instructor, NAIC Financial Examiners and Insurance Department Staff Education programs; past Director of National Association of Life Companies; past President and Director of Illinois Association of Life Companies and the Central Illinois Chapter of Chartered Life Underwriters Association; past Director of Illinois Life and Health Guaranty Association; Chartered Life Underwriter; Chartered Financial Consultant; Fellow, Life Management Institute; B. B. A. from the University of Wisconsin.

Gloria Schaeffer, Chicago, IL
State Procurement Officer, Illinois Department of Financial and Professional Regulation; Chairwoman of the Board, Health Related Opportunities, L.L.C. provided consulting on health benefit programs to companies and to the Senior Alliance; Corporate Manager, Leader Communications; CEN Properties Vice-President, representing clients including White Hen Pantry, McDonald’s, Taco Bell and Sizzler with lease negotiations and construction build-outs; Founder Schaeffer Services, provided new case rulings to Westlaw and paralegal support services for law firms in Chicago.