

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR_RCP_pt01a
- 05hrAC-EdR_RCP_pt01b
- 05hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ **

➤ Miscellaneous ... Misc

➤ 97hrJC-Fi_Misc_pt74_LFB

➤ Record of Comm. Proceedings ... RCP

➤ **

Insurance

(LFB Budget Summary Document: Page 342)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
5	Minor Policy and Technical Changes -- Create Administrative Services Unit and Appropriation (Paper #505)
6b	Information Technology Initiatives -- IT Contracting Costs (Paper #506)
6c	Information Technology Initiatives -- Records Imaging (Paper #507)
7	Increased Staffing (Paper #508)
8	Increase Travel Costs Funding (Paper #509)
9	Expansion of Information Technology Internship Program (Paper #510)
11	Increased Funding for Actuarial Services (Paper #511)

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Minor Policy and Technical Changes -- Create Administrative Services Unit and Appropriation (Insurance)

[LFB Summary: Page 349, #5]

GOVERNOR

Provide \$2,353,900 PR annually to create an internal administrative services unit within OCI and create a separate appropriation for this purpose. Provide that this unit would provide administrative and other support services to all the other parts of the agency including those programs funded from segregated funds. The administrative unit would assess all the other parts of the agency for their proportional cost of the administrative services unit budget and these assessment revenues would be accredited to the new appropriation.

Also, delete \$100,000 PR annually from the agency's general program operation appropriation and shift \$2,253,900 PR annually to fund the assessments for the services of the administrative unit. In addition, shift 22.0 existing positions from the agency's general program operation appropriation to the new administrative support unit appropriation.

Further, provide an increase in annual expenditure authority of \$90,000 SEG for the patient's compensation fund, \$10,000 SEG for the local government property insurance fund and \$20,000 SEG for the state life insurance fund to allow these programs to pay for their share of administrative overhead costs of service provided by the administrative services unit.

MODIFICATION TO BASE

Transfer \$2,253,900 PR annually from the permanent position salaries and fringe benefits, LTE funds, supplies and services and permanent property lines within the agency's general program operations appropriation to a separate chargeback line in the same appropriation to correctly reflect the Governor's recommendation that the general program operations appropriation fund this amount of the assessment for the services of the administrative unit.

Explanation: The Governor's budget recommendations include a provision to allow OCI to establish an administrative services unit within OCI which would provide administrative and other support services to all the other parts of the agency. Under the bill, the unit would assess the other parts of the agency for their proportional costs of the administrative services unit budget and these assessment revenues would be credited to the new appropriation. The funding to be provided from the agency's general program operations appropriation was not appropriately transferred from salary, fringe benefits, LTE, supplies and services and the permanent property lines within the agency's general program operations appropriation. This modification would transfer the funding to be provided within the agency's program operations appropriation for the administrative services unit to a separate line within the appropriation for the cost of assessments for administrative services unit support chargebacks.

Prepared by: Tricia Collins

MO# modification

2	BURKE	(Y)	N	A
	DECKER	(Y)	N	A
	GEORGE	(Y)	N	A
	JAUCH	(Y)	N	A
	WINEKE	(Y)	N	(A)
	SHIBILSKI	(Y)	N	A
	COWLES	(Y)	N	A
	PANZER	(Y)	N	A
1	JENSEN	(Y)	N	A
	OURADA	(Y)	N	A
	HARSDORF	(Y)	N	A
	ALBERS	(Y)	N	A
	GARD	(Y)	N	A
	KAUFERT	(Y)	N	A
	LINTON	(Y)	N	A
	COGGS	(Y)	N	A

AYE 15 NO 0 ABS 1

OFFICE OF THE COMMISSIONER ON INSURANCE

Transfer of Office to Department of Financial Institutions

Motion:

Move to make a limited purpose attachment under s. 15.03 to the Department of Financial Institutions (DFI) of an Office of Insurance (OCI). Create separate appropriations under DFI to reflect the transfer of the appropriations currently under the Office of the Commissioner of Insurance to the new Office of Insurance under DFI. Continue all existing program responsibilities and functions of the Office of the Commissioner of Insurance under the new Office of Insurance except for the Office of Health Care Information and responsibility for the HIRSP program. All personnel and budget requests by the Office would be processed and forwarded by DFI without change except as requested and concurred in by the Office.

Repeal the Commissioner of Insurance position (-\$115,500 PR annually and -1.0 PR position) and create an unclassified director position (assigned to executive salary group 3) for the Office of Insurance (\$71,200 PR annually and 1.0 PR position). Provide that the director shall be nominated by the Governor, and with the advice and consent of the Senate appointed, to serve at the pleasure of the Governor. Further, delete the following 5.0 positions currently in the Commissioner's Office in OCI from the new Office of Insurance: deputy commissioner, attorney, public information officer, program and planning analyst and program assistant (-\$294,700 PR annually and -5.0 PR positions). In addition, delete the following 5.0 positions currently in the Administrator's Office in the Division of Administrative Services in OCI from the new Office of Insurance: division administrator, personnel manager, payroll and benefits specialist, training officer and accountant (-\$255,800 PR and -\$11,300 SEG annually and -4.75 PR and -0.25 SEG positions.)

Require the Department of Financial Institutions to submit a request by January 1, 1998, to the Joint Committee on Finance under s. 16.515 containing additional staffing reductions that it recommends can be achieved in the Office of Insurance as a result of the transfer of OCI to a new Office of Insurance attached to DFI.

Note:

This motion would establish an Office of Insurance, excluding the Office of Health Care Information and responsibility for HIRSP program, as an office attached to the Department of Financial Institutions (DFI) for administrative purposes. The limited purpose attachment under

s.15.03 would provide that the Office would be attached to DFI, but would be a distinct unit within the agency similar to the Office of the Credit Unions. The position of Commissioner of Insurance would be deleted and a new director of the Office of Insurance position would be created and would be nominated by the Governor, and with the advice and consent of the Senate appointed, to serve at the pleasure of the Governor. Under the limited purpose attachment, the Office of Insurance would continue to exercise the powers, duties and functions prescribed by law within the area of insurance program responsibility, but program coordination and related management functions would be performed under the direction and supervision of the head of the agency to which the Office is attached, in this case the Secretary of the DFI. All personnel and budget requests by the Office would be processed and forwarded by DFI without change except as requested and concurred in by the Office.

In addition, this motion making the transfer to DFI would eliminate 5.0 existing positions in the Commissioner of Insurance's Office in OCI, and 5.0 existing positions from the current Division of Administrative Services in OCI.

Finally, DFI would be required to submit a request to the Joint Committee on Finance in January 1, 1998, under s.16.515 recommending additional staffing reductions that can be made within the Office of Insurance as a result of its attachment to DFI.

[Change to Base: -\$1,189,600 PR and -\$22,600 SEG and -9.75 PR and -0.25 SEG positions]

MO# 1536

BURKE	Y	<input checked="" type="radio"/> N	A
DECKER	Y	<input checked="" type="radio"/> N	A
GEORGE	Y	<input checked="" type="radio"/> N	A
JAUCH	Y	<input checked="" type="radio"/> N	A
WINEKE	Y	<input checked="" type="radio"/> N	A
SHIBILSKI	Y	<input checked="" type="radio"/> N	A
COWLES	<input checked="" type="radio"/> Y	N	A
PANZER	Y	<input checked="" type="radio"/> N	A
1 JENSEN	<input checked="" type="radio"/> Y	N	A
2 OURADA	<input checked="" type="radio"/> Y	N	A
HARSDORF	<input checked="" type="radio"/> Y	N	A
ALBERS	<input checked="" type="radio"/> Y	N	A
GARD	<input checked="" type="radio"/> Y	N	A
KAUFERT	Y	<input checked="" type="radio"/> N	A
LINTON	Y	<input checked="" type="radio"/> N	A
COGGS	Y	<input checked="" type="radio"/> N	A

AYE 6 NO 10 ABS 1

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Information Technology Initiatives -- IT Contracting Costs (Insurance)

[LFB Summary: Page 349, #6b]

CURRENT LAW

The Office of the Commissioner of Insurance (OCI) currently has the following informational technology support staff: two technical support positions and four analyst/programmer positions. The agency has begun the conversion of its current IT proprietary system (WANG) to a client-server type of architecture and is also participating, along with a consortium of states, in developing a program for allowing insurers to file forms with state insurance regulators electronically.

GOVERNOR

Provide funding for contracting and permanent property costs associated with converting the agency's current IT propriety system to a client-server type of architecture. The recommendation consists of monies for: (1) on-going funds for the cost of the equivalent of two contracted programmer staff (\$167,000 PR annually); and (2) one-time funding (\$522,600 PR in 1997-98 and \$250,600 PR in 1998-99) for the cost of three additional programmers, and the purchase of three application servers and Oracle database and tools).

Also, provide funding for contract staff to develop a multistate system electronic rate and form filing program (SERFF) in the Bureau of Market Regulation. The recommendation consists of monies for: (1) the cost of contracting for programming staff to develop the new program (\$65,900 PR in 1997-98 and \$87,100 PR in 1998-99); (2) one-time funding (\$43,000 PR in 1997-

98 for permanent property costs associated with the project; and (3) on-going supplies and services funding (\$3,300 PR in 1997-98 and \$7,300 PR in 1998-99).

DISCUSSION POINTS

Client Server System Migration

1. The Governor's budget recommendations would provide OCI with increased expenditure authority on an on-going basis for the services of two contracted programmers (\$167,000 PR annually). Under the Governor's recommendation, in 1997-99 these programmers would work on converting the agency's IT system to a client-server type of architecture.

2. The agency indicates that conversion of its database began in 1996-97 and the additional funding requested for hardware and contractors would allow the completion of this project in a two-year period. It is stated that if only base money were to be used for the conversion, it would take an estimated five years to complete the conversion using just its existing IT staff.

3. The need to proceed quickly with the conversion of the agency's database from the existing propriety system to the new client service type system seems well-documented and needed. However, the Committee may wish to consider whether expenditure authority for these contracting costs should be built into the agency's on-going budget base when the agency believes that the conversion can be completed in 1997-99 with the requested funding. The agency has indicated it would use the on-going contractual funding for future IT projects. However, it could be argued that the agency should justify the need for expenditure authority for these future projects as a part of the next biennial budget cycle.

4. The Committee could shift these contracting costs to one-time funding. The agency would then have to specifically identify the projects for which additional IT contracting costs are being requested, and the amount of funding required, in the next biennium.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to adjust the agency's base by providing expenditure authority for contracting costs involved in converting the agency's current IT proprietary system to a client server type of architecture as follows: (a) on-going funding for two contracted programmers (\$167,000 PR annually); and one-time funding (\$522,600 PR in 1997-98 and \$250,600 PR in 1998-99) for three additional programmers and the purchase of three application servers and Oracle database and tools).

<u>Alternative 1</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$1,107,200
[Change to Bill	\$0]

2. *Modify Alternative 1* to provide that all the funds would be provided as one-time funding in 1997-99.

<u>Alternative 2</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$1,107,200
[Change to Bill	\$0]

3. Maintain current law.

<u>Alternative 3</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill	- \$1,107,200]

System for Electronic Rate and Form Filing (SERFF)

1. The Governor's budget includes increased expenditure authority (\$65,900 PR in 1997-98 and \$87,100 PR in 1998-99) for contracting staff to develop a system for OCI's participation in a multistate electronic rate and form filing program. This program would allow forms, required to be submitted by insurers to OCI, to be filed electronically.

2. The Governor recommended that the additional funds be used to contract for staff to develop and implement this program. However, the expenditure authority for contracting for programming staff is provided in the permanent positions and fringe benefits lines rather than the supplies and services line of the agency's general program operations appropriation. In order to correctly reflect the Governor's recommendation that the agency use contractual programming staff rather than additional state positions, \$65,900 PR in 1997-98 and \$87,100 PR in 1998-99, should be shifted from the permanent positions salary and fringe benefits lines within the agency's general program operations appropriation to the supplies and service line of that appropriation.

3. The Committee may also wish to consider clarifying whether the funds for contracting costs should be one-time or on-going. The agency suggested that this new system will require additional specialized staff and on-going network hardware and software support. However, the Governor's budget recommendation implies that funding is of a one-time nature since it is stated in the Governor's budget book that the funds are to be used to contract for staff

for development of the new system. Because this project is still in the pilot stage and development of the software is still in progress, it could be argued that until this first phase of the project is completed all the development costs should be provided as one-time. The agency would have the opportunity to request continued expenditure authority in the next biennial budget request if that is determined to be necessary. Under this alternative, only a small amount of the funds (\$3,300 PR in 1997-98 and \$7,300 PR in 1998-99) for continuing supplies and service costs would be provided as on-going funding.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation for funding for contract staff to develop a multistate system electronic rate and form filing program in the Bureau of Market Regulation (\$112,200 PR in 1997-98 and \$94,400 PR in 1998-99), with the modification that the funding provided for permanent positions and fringe benefits be moved to the supplies and services line to reflect that the funding is being provided for contracting costs and not additional permanent staff.

<u>Alternative 1</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$206,600
[Change to Bill]	\$0

2. *Modify Alternative 1* to provide that all of the funding for this item would be provided as one-time funding in 1997-99 except for \$3,300 PR in 1997-98 and \$7,300 PR in supplies and services costs which would be provided as on-going funding.

<u>Alternative 2</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$206,600
[Change to Bill]	\$0

3. Maintain current law.

<u>Alternative 3</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill]	- \$206,600

Prepared by: Tricia Collins

MO# Alt 2 (A)
Alt 2 (B)

2 BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
1 JENSEN	<input checked="" type="radio"/>	N	A
OURADA	<input checked="" type="radio"/>	N	A
HARSDORF	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0

To: Joint Committee on Finance
From: Bob Lang, Director Legislative Fiscal Bureau

ISSUE**Information Technology Initiatives -- Records Imaging (Insurance)**

[LFB Summary: Page 349, #6c]

CURRENT LAW

No provision.

GOVERNOR

Provide \$160,300 PR in 1998-99 in unallotted reserve for possible imaging projects for OCI's agent licenses and central files and for policyholder files under the state life insurance fund. Require that feasibility studies must first be conducted for the projects and then, with DOA approval, funds may be released from unallotted reserve for expenditure by the agency.

DISCUSSION POINTS

1. The agency had requested funding for the following IT imaging projects:
 - *Agent Licenses.* \$160,300 PR in 1998-99 for the imaging of both current and future agent license applications. Under this request, OCI indicated it would create a process to image new applications, scan information into the agent licensing system and issue or deny licenses electronically.
 - *Policyholder Files in SLIF.* \$94,500 SEG in 1997-98 and \$3,000 SEG in 1998-99 for imaging State Life Insurance Fund (SLIF) policyholders' file contents. In addition, incoming mail would be scanned into the system upon receipt and linked to the respective policy.

- *Central Files.* \$94,000 PR in 1998-99 for the implementation of imaging technology for OCI's central file records. These records contain such item as insurance companies' financial documents, examination reports and articles and bylaws.

2. The Governor's recommendation would provide additional funding (\$160,300 PR in 1998-99) for imaging projects for agency licenses, central files and policyholder files under that State Life Insurance Fund (SLIF). However, the Governor's recommendation also requires that feasibility studies must be conducted for the projects, and then, with DOA approval, funds may be released from unallotted reserve for expenditure by the agency. It should be noted, however, that any imaging project for SLIF would be from SEG funding, not PR funds.

3. The agency is engaged in an aggressive IT plan. In the past few years, OCI has undertaken and/or is currently involved in a number of IT projects such as complaint imaging, legal system programming and producer licensing design. In addition, under the budget bill, OCI has additional work efforts funded for completion of the complaints imaging project, implementation of a new electronic filing enhancement project, and state life insurance fund computer enhancements.

4. The Governor's recommendation requiring further feasibility studies before OCI proceeds with these additional projects appears to take this into account. In addition, the Governor's budget provides funding in DOA for the Division of Technology Management to form an expert imaging team to provide detailed review of agencies' proposed imaging projects and assist in the design and implementation of agency imaging systems. The Committee may wish, therefore, to consider whether it believes that further legislative review of these three additional imaging projects is warranted before any funding is released.

5. The Committee could consider placing the amount recommended by the Governor, (\$160,300 PR), in reserve in the Joint Committee on Finance's PR appropriation for release by the Committee under s. 16.515 after the feasibility studies are completed.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to provide \$160,300 PR in 1998-99 for imaging projects for agent licensing and the agency's central files and for policyholder files under the State Life Insurance Fund in unallotted reserve for release later by DOA upon completion of feasibility studies of the projects.

<u>Alternative 1</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$160,300
[Change to Bill]	\$0]

2. Adjust the Joint Committee on Finance's base PR budget in 1998-99 by \$160,300 PR to provide this amount in reserve for OCI imaging projects for OCI agent licenses, central files and SLIF policyholder files with the release of funds to OCI to take place under s. 16.515 upon completion of feasibility studies of one or more of these imaging projects.

<u>Alternative 2</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$160,300
[Change to Bill]	\$0]

3. Maintain current law.

<u>Alternative 4</u>	<u>PR</u>
1997-99 FUNDING (Change to Bill)	\$0
[Change to Bill]	- \$160,300]

Prepared by: Tricia Collins

MO# Alt. 2

2 BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
1 JENSEN	<input checked="" type="radio"/>	N	A
OURADA	<input checked="" type="radio"/>	N	A
HARSDORF	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Increased Staffing (Insurance)

[LFB Summary: Page 350, #7]

CURRENT LAW

The Bureau of Financial Analysis and Examination in the Office of the Commissioner of Insurance (OCI) is responsible for monitoring the financial condition of all insurers licensed to market insurance in Wisconsin. Monitoring includes the field examination of the companies and the analysis of financial statements and other documents submitted by the companies to OCI. The Bureau has base level staffing of 33.0 FTE PR positions.

GOVERNOR

Provide additional funding above the base of \$111,900 PR in 1997-98 and \$119,000 PR in 1998-99 and 3.0 positions in the Financial Analysis and Examination Bureau. Funding would be provided for: (1) two financial examiners (\$83,000 in 1997-98 and \$89,700 in 1998-99); and (2) one program assistant (\$28,900 in 1997-98 and \$29,300 in 1998-99).

DISCUSSION POINTS

A. Financial Examiner Positions

1. The Bureau of Financial Examination and Analysis currently has the following positions: a director, three supervisors, three advanced examiners, 23 examiner/analyst positions and three support staff positions.

2. OCI requested four financial examiners in its budget submittal. The agency indicated that this number of positions was requested based on its analysis of the total number of positions needed to provide what it believes would be an optimal examination frequency cycle for domestic insurers and also complete the other functions of the Bureau. The Governor's recommendation would provide \$83,000 GPR in 1997-98 and \$89,700 PR in 1998-99 and 2.0 financial examiner positions. This recommendation was apparently based on the number of additional examiners the agency indicated it needed to maintain the current examination frequency schedule.

3. The statutes do not specify any required frequency of examinations. However, OCI has promulgated an administrative rule which requires that domestic insurers be examined at least every five years. The National Association of Insurance Commissioners (NAIC) imposes a similar five-year frequency under its standards for accreditation of state insurance departments. The actual frequency of examinations of individual companies conducted by the Bureau varies according to its assessment of the financial risk associated with the different types of domestic insurers, the financial status of individual insurance companies and length of time since the company's previous examination. Current exam frequency ranges from once every three years for HMOs and to almost once every five (4.9) years for town mutual insurers and fraternal companies. However, OCI notes that, for example, some HMOs may require an examination after only two years due to financial problems or significant operational changes.

4. OCI is clearly meeting the frequency requirement required under its administrative rule and by NAIC for accreditation. However, the agency feels that the optimum cycle would provide for more frequent examinations, ranging from an examination average of once every 2.8 years for HMOs to once every 4.5 years for town mutual insurers and fraternal companies. The agency argues that the optimum cycle would allow the Bureau of Financial Analysis and Examination to identify earlier those insurers indicating current or future financial problems, allowing for corrective action to be implemented on a more timely basis.

5. In its 1997-99 budget request, the agency estimated that four additional examiners were needed to allow the Bureau to achieve its desired optimal examination cycle. However, in estimating its staffing needs, the agency did not include its three advanced examiner positions as staff currently available perform analysis and examinations on domestic companies. The agency indicated that these three advanced examiners were not included because they do not routinely go out into the field to conduct exams. Rather, the agency indicated that they work on examination of companies in certain, more specialized areas such as loss reserves and insurance company mergers and acquisitions.

6. Even if the advanced examiners' work may be limited to certain, more specialized areas, they are providing examination and analysis staff assistance relative to the overall number of domestic companies to be examined and assisting with overall examination effort. If the advanced examiners were not available to provide assistance in their specialized areas the other examiners would have to also be responsible for that function. Conversely, if these specialized

areas were not examined by the advanced examiners, those positions would be available to provide additional field staff to handle the general examination workload. Therefore, it can be argued that the advanced examiners should be included in the calculation of the current number of staff available to perform examinations and analysis. It may be further noted that NAIC staff, as part of a pre-accreditation review of the agency, took a similar view that there were 26 examiners available to examine and analyze domestic insurers.

7. If the advanced examiners are included in the count of current financial examiner staff and the same staffing need methodology as the agency used is used to then recompute its staffing needs, this analysis indicates that there would be no staffing addition to the agency base budget required if the current exam frequency schedule were to be maintained. Alternatively, if the agency's desired higher optimal exam frequency schedule were used for staffing needs determination, a need for one additional financial examiner position would be indicated.

8. The Committee could make no changes to the base for additional financial examiner staff on the basis that there is no estimated need under the current examination frequency when using the 26 existing examiner staff. Alternatively, the Committee could provide an additional \$41,500 PR in 1997-98 and \$44,900 PR in 1998-99 to provide one additional financial examiner position to allow the agency to meet its optimal examination frequency schedule.

ALTERNATIVES TO BASE

A1. Approve the Governor's recommendation to adjust the base budget by providing \$83,000 PR in 1997-98 and \$89,700 PR in 1998-99 and 2.0 FTE financial examiner positions for the Bureau of Financial Analysis and Examination.

<u>Alternative A1</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$172,700
<i>[Change to Bill]</i>	<i>\$0</i>
1998-99 POSITIONS (Change to Base)	2.00
<i>[Change to Bill]</i>	<i>0.00</i>

A2. Adjust OCI's base budget by providing \$41,500 PR in 1997-98 and \$44,900 PR in 1998-99 and 1.0 FTE financial examiner position for the Bureau of Financial Analysis and Examination.

<u>Alternative A2</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$86,400
<i>[Change to Bill</i>	<i>- \$86,300]</i>
1998-99 POSITIONS (Change to Base)	1.00
<i>[Change to Bill</i>	<i>- 1.00]</i>

A3. Maintain current law.

<u>Alternative A3</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$0
<i>[Change to Bill</i>	<i>- \$172,700]</i>
1998-99 POSITIONS (Change to Base)	0.00
<i>[Change to Bill</i>	<i>- 2.00]</i>

B. Program Assistant Position

9. Currently, the Bureau of Financial Analysis and Examination has 3.0 FTE program assistants, with 1 FTE position actually being filled by two individuals at 0.5 FTE each. These assistants perform various clerical duties including entering data received from companies and organizing materials.

10. The Governor's recommendation provides additional funding above the base of \$28,900 PR in 1997-98 and \$29,300 PR in 1998-99 for one additional program assistant position for the Bureau.

11. The agency indicated in its budget request that an additional program assistant was needed to: (a) reduce the workload of the two 0.5 FTE program assistants, who, during 1995-96, worked total hours equivalent to 1.35 FTE; and (b) compensate for the growth in duties of the Bureau as well as unburden the financial examiners from certain clerical duties which takes time away from their main duties.

12. It could be argued that the current staffing needs of the Bureau appear to be being met using existing staff who can work extra hours using funds from the agency's base budget. The Committee could make no addition to the current staffing level in this area.

13. Alternatively, the Committee may feel that, based on the additional hours currently being worked by the two half-time positions (approximately 0.35 FTE), some additional program assistant help is needed. The Committee could provide additional funding of \$14,500 PR in 1997-98 and \$14,700 PR in 1998-99 for a 0.5 FTE program assistant position for the Bureau.

ALTERNATIVES TO BASE

B1. Approve the Governor's recommendation to adjust the base budget by providing \$28,900 PR in 1997-98 and \$29,300 PR in 1998-99 and 1.0 FTE program assistant position for the Bureau of Financial Analysis and Examination.

<u>Alternative B1</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$58,200
<i>[Change to Bill]</i>	<i>-\$0</i>
1998-99 POSITIONS (Change to Base)	1.00
<i>[Change to Bill]</i>	<i>0.00</i>

B2. Adjust OCI's base budget by providing \$14,500 PR 1998-99 and \$14,700 PR in 1998-99 and 0.5 FTE program assistant position for the Bureau of Financial Analysis and Examination.

<u>Alternative B2</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$29,200
<i>[Change to Bill]</i>	<i>-\$29,000</i>
1998-99 POSITIONS (Change to Base)	0.50
<i>[Change to Bill]</i>	<i>- 0.50</i>

B3. Maintain current law.

<u>Alternative B3</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$0
<i>[Change to Bill]</i>	<i>-\$58,200</i>
1998-99 POSITIONS (Change to Base)	0.00
<i>[Change to Bill]</i>	<i>- 1.00</i>

Prepared by: Tricia Collins

MO# A 3

2	BURKE	Y	N	A
1	DECKER	Y	N	A
	GEORGE	Y	N	A
	JAUCH	Y	N	A
	WINEKE	Y	N	A
	SHIBILSKI	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
	JENSEN	Y	N	A
	OURADA	Y	N	A
	HARSDORF	Y	N	A
	ALBERS	Y	N	A
	GARD	Y	N	A
	KAUFERT	Y	N	A
	LINTON	Y	N	A
	COGGS	Y	N	A

AYE 16 NO 0 ABS _____

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Increase Travel Costs Funding (Insurance)

[LFB Summary: Page 350, #8]

CURRENT LAW

Staff in OCI's Bureau of Financial Analysis and Examination travel to insurance companies, both in-state and out-of-state, each year to perform examinations on companies' financial condition. In addition, the Bureau staff participate in NAIC activities which require out-of-state travel. In 1996-97, the agency budgeted \$164,000 for in-state and out-of-state travel costs for the Bureau.

GOVERNOR

Provide \$45,000 in 1997-98 and \$55,000 in 1998-99 for increased funding for financial examiners' travel costs incurred when conducting financial examinations of domestic insurers.

DISCUSSION POINTS

1. The Bureau of Financial Analysis and Examination requested an operating budget allocation of \$192,100 in 1996-97 for travel costs. The agency, however, reduced the Bureau's request to \$164,000 in 1996-97 because, according to OCI, there were insufficient funds to meet the Bureau's entire request.

2. The Governor's recommendation would add \$45,000 PR in 1997-98 and \$55,000 PR in 1998-99 to OCI's base budget for additional travel costs funding for the Bureau, the amounts requested by OCI.

3. The Bureau's original internal request to OCI's budget office was for an increase of \$9,600 PR in 1997-98 and \$19,700 PR in 1998-99. These amounts of increase were based on 5% annual increases over the Bureau's requested operating budget amount for travel costs of \$192,100. Since the Bureau's actual operating budget amount for travel was reduced to \$164,000, the Bureau's 1997-99 budget request for increased travel costs was recalculated to the request for an increase of \$45,000 PR in 1997-98 and \$55,000 PR in 1998-99.

4. That recalculated request amount was developed in the following manner. First, the difference between the Bureau's original requested total travel budget amounts for 1997-98 and 1998-99 (which were based on the 1996-97 original operating budget travel cost requested amount plus a 5% annual increase for cost inflation) and the \$164,000 that the Bureau was actually allocated in 1996-97 was computed. That indicated a difference of \$37,700 in 1997-98 and \$47,800 in 1998-99. That difference was one part of the revised requested amount. Second, an amount of \$10,000 was added in each year to provide travel costs catchup for the reduced travel budget that the Bureau was given for 1996-97. The \$10,000 annually was added to the \$37,700 for 1997-98 and \$47,800 for 1998-99. This resulted in an revised total request amount for increased travel funds for the Bureau of \$47,700 in 1997-98 and \$57,800 in 1998-99. Then, in the final request that was submitted to the Governor, these amounts were rounded to \$45,000 for 1997-98 and \$55,000 for 1998-99.

5. The agency indicates that recent budgeted and expended travel costs for the Bureau have been as follows:

**Bureau of Financial Analysis and Examination
Travel Costs**

<u>Fiscal Year</u>	<u>Budgeted</u>	<u>Expended</u>
1995-96	\$156,800	\$197,000
1994-95	174,600	139,000
1993-94	173,300	113,000
1992-93	170,100	135,900

6. It has been indicated by OCI that traveling to companies to perform examinations is crucial to accomplishing the examination's mission of the Bureau. However, notwithstanding this, in 1996-97, OCI reduced the funding the Bureau requested for travel costs rather than taking funding from other places with the agency's budget. Furthermore, the agency indicates that if sufficient funding is not available to conduct an exam in the preferred year it is deferred to a subsequent year. It could be argued that since the agency only provided \$164,000 for base

funding for travel costs for the Bureau in 1996-97 that this is the base that should be used for calculating inflation costs adjustments to the agency's base funding travel.

7. Using the amount budgeted for by OCI for the Bureau's travel costs in 1996-97 (\$164,000) and factoring in a 5% annual inflation rate would require an increase of \$8,200 PR in 1998-99 and \$16,800 in 1998-99 to the agency's base budget for inflationary increases over the Bureau's 1996-97 travel cost budget. Under this alternative, the Committee would not provide funding to restore the base budget shortfall caused by the internal reallocation of less funds for travel than the Bureau indicated was needed in 1996-97.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to increase the agency's base budget by \$45,000 PR in 1997-98 and \$55,000 PR in 1998-99 for increased travel costs for the Bureau of Financial Analysis and Examination.

<u>Alternative 1</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$100,000
<i>[Change to Bill</i>	<i>\$0]</i>

2. Adjust the agency's base budget to provide an increase in expenditure authority of \$8,200 PR in 1998-99 and \$16,800 PR in 1998-99 for inflationary increases in travel costs for the Bureau of Financial Analysis and Examination over its 1996-97 base budget.

<u>Alternative 2</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$25,000
<i>[Change to Bill</i>	<i>- \$75,000]</i>

3. Maintain current law.

<u>Alternative 3</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$0
<i>[Change to Bill</i>	<i>- \$100,000]</i>

Prepared by: Tricia Collins

MO# Alt 2

2 BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
1 JENSEN	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 16 NO 0 ABS _____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Expansion of Information Technology Internship Program (Insurance)

[LFB Summary: Page 350, #9]

CURRENT LAW

The Office of the Commissioner of Insurance (OCI) is a participant in the state minority student information technology employment program. The program operates an intern process which is designed to familiarize minority students with state IT jobs and thereby encourage minority students upon graduation to ultimately apply for information technology-related (IT) jobs in state government. In the summer of 1996, OCI hired its first student intern to provide personal computer use support to the agency's employees.

GOVERNOR

Provide \$35,000 annually for increased LTE expenditure authority to provide funding for two half-time minority students to participate in the agency's minority IT internship program.

DISCUSSION POINTS

1. OCI has funded one IT intern from existing base funding since the summer of 1996. The intern position was funded at \$11.568 per hour, plus costs of social security contributions. As an LTE, the intern may work up to 1,043 hours in a twelve-month period.

2. The agency requested funding in its 1997-99 budget request to allow it to fund two LTE intern positions with the expectation that each intern would work a maximum of 1,043 hours

per year for a term of two years. By having two half-time interns, the agency argued that it would in effect have the equivalent of 1.0 FTE of coverage for help desk type assistance for agency PC users. In its request, OCI indicated it expected to continue for one more year (in 1997-98) with the first student and also add another student. The agency based the request on the premise that by staggering the starting dates of the two students, OCI would be able to always have one student intern working who is familiar with the agency's infrastructure, while training the second intern. However, since the agency's request, the existing IT intern position has become vacant and OCI is in the process of hiring a new intern student.

3. The Governor's recommendation, which approved the agency's request, would add on-going funds to the agency's base for increased LTE funding of \$35,000 PR annually to permit OCI to hire two minority students as IT interns. Funding would be provided annually as follows: \$13,000 for LTE salary and fringe (social security contributions only) and \$3,000 for training for a first-year intern and \$15,000 for LTE salary and fringe and \$4,000 for training for a second-year intern.

4. The Committee may wish to consider whether training dollars should be provided for IT interns. The principal goal of the intern program is to recruit minority students for state service in the IT field. While a second goal is for the interns to also provide a useful service to the agency users, these interns are limited-term employees and neither guaranteed a permanent position nor required to remain in state service upon completion of their term. Therefore, it could be argued that investing training dollars into the training of LTEs is not appropriate. Alternatively, one could assert that to better serve the agency, training relative to the agency's specific IT infrastructure and operating environment for each intern is needed. Guidelines for the intern program developed by DER indicate that "when necessary, they [the IT interns] should be included in all team training along with the agency employees."

5. The Committee could choose to not provide funding of \$7,000 PR annually for training. Another alternative would be to provide training only for the one intern each year at the beginning of the two-year term. Under this alternative, the Committee could provide training funding of \$3,000 PR annually.

6. Under OCI's request, assuming 1,043 hours of work per year, one intern position would be funded at a rate of \$11.568 per hour, and the other at \$13.347 per hour. OCI indicates that it used these rates because it was unsure at the time of its request what the appropriate pay rate would be in the next biennium. The agency now indicates that it would plan to increase the hourly pay in 1997-98 for the LTE positions to \$13.651 because the previous comparative classified position title which OCI used to determine the hourly pay (minimum of the pay range) has been raised two pay ranges by DER.

7. The argument could be made that OCI could continue in 1997-99 to use base funding to support one IT intern LTE position. If the Committee feels that the agency's desire for a total of two intern positions is warranted, it could expect that OCI continue to use available

base funding to support one intern and the Committee could then approve increased expenditure authority of \$15,000 PR annually for salary and fringe benefit costs for one additional intern position.

8. Alternatively, if the Committee agrees with OCI that staggering the starting dates of each of the two interns assuming a two-year commitment would provide more continuous PC help-desk type support for the agency, the Committee could provide funding starting in 1998-99 for a second intern position since otherwise OCI would have two new student interns in 1997-98. Under this alternative, the Committee could adjust the agency base to provide \$15,000 PR in 1998-99 for an additional IT minority student intern with the agency continuing to fund one intern position out of its base funding.

ALTERNATIVES TO BASE

The alternatives are set forth below as two separate issues to be considered by the Committee, one set relating to increased expenditure authority for salary and fringe benefit funding for the interns and a second set relating to increased expenditure authority for training of interns.

Salary and Fringe Benefit Funding for Interns

1. Approve the Governor's recommendation to adjust the agency's base budget by providing \$28,000 PR annually for increased LTE expenditure authority to provide salary and fringe benefit funding for two, half-time minority IT student interns.

<u>Alternative 1</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$56,000
[Change to Bill	\$0]

2. Adjust OCI's base budget by providing \$15,000 PR annually for increased LTE expenditure authority to provide funding for an additional one, half-time minority student IT intern.

<u>Alternative 2</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$30,000
[Change to Bill	- \$26,000]

3. Adjust OCI's base budget by providing \$15,000 PR in 1998-99 for increased LTE expenditure authority to provide funding for an additional half-time minority student IT intern beginning in 1998-99.

<u>Alternative 3</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$15,000
[Change to Bill]	- \$41,000]

4. Maintain current law.

<u>Alternative 4</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill]	- \$56,000]

Training Funds for Interns

5. *In addition to Alternative 1*, approve the Governor's recommendation to adjust the agency's base budget by \$7,000 PR annually for increased LTE expenditure authority to provide funding for training for two half-time minority IT student interns annually.

<u>Alternative 5</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$14,000
[Change to Bill]	\$0]

6. *In addition to Alternative 2*, adjust OCI's base budget by providing increased expenditure authority of \$3,000 PR annually for training for one additional minority IT intern annually.

<u>Alternative 6</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$6,000
[Change to Bill]	- \$8,000]

7. *In addition to Alternative 3*, adjust OCI's base budget by providing increased expenditure authority of \$3,000 in 1998-99 for training of one additional IT intern beginning in 1998-99.

<u>Alternative 7</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$3,000
[Change to Bill]	- \$11,000]

8. Maintain current law.

Alternative 8	PR
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill	- \$14,000]

Prepared by: Tricia Collins

MO# Alt 1 and 5

BURKE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
DECKER	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
GEORGE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
JAUCH	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
WINEKE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
SHIBILSKI	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
COWLES	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
PANZER	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
JENSEN	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
OURADA	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
HARSDORF	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
ALBERS	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
GARD	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
KAUFERT	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
LINTON	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COGGS	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

AYE 8 NO 8 ABS _____

MO# Alt 3 and 7

BURKE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
DECKER	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
GEORGE	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
JAUCH	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
WINEKE	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
SHIBILSKI	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COWLES	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
PANZER	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
JENSEN	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
OURADA	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
HARSDORF	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
ALBERS	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
GARD	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
KAUFERT	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
LINTON	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COGGS	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

AYE 13 NO 3 ABS _____

To: Joint Committee on Finance
From: Bob Lang, Director Legislative Fiscal Bureau

ISSUE

Increased Funding for Actuarial Services (Insurance)

[LFB Summary: Page 351, #11]

CURRENT LAW

The Office of the Commissioner of Insurance (OCI) has a base budget of \$100,000 PR annually for actuarial services contracted to assist in the agency's financial examination of insurance companies.

GOVERNOR

Provide \$10,000 PR in 1997-98 and \$20,000 PR in 1998-99 to reflect inflationary increases for the cost of actuarial services contracted to assist OCI financial examiners in examination of insurance companies.

DISCUSSION POINTS

1. In the past five years, OCI has expended between \$80,000 and \$110,000 annually for actuarial services to assist in financial examinations of the largest, most complex domestic insurers or for companies experiencing financial difficulties. The actuarial consultants are used to analyze such items as an insurance company's actuarial assumptions and methodology and to review the adequacy of a company's reserves. The table below shows the amounts expended for such actuarial services for the last five years.

Actuarial Services Contracts Cost

<u>Fiscal Year</u>	<u>Expenditure Amount</u>	<u>Number of Companies Examined by Actuaries</u>
1991-92	\$101,400	4
1992-93	80,122	5
1993-94	99,893	4
1994-95	109,973	5
1995-96	86,617	6
1996-97	86,000*	N.A.

*Through April 30, 1997.

2. The Governor's budget would increase base level funding for the agency by \$10,000 PR in 1997-98 and \$20,000 PR in 1998-99 for anticipated inflationary increases in actuarial costs. DOA indicates that the agency's request for an increase of \$25,000 PR in 1997-98 and in 1998-99 was reduced by the Governor to reflect a percentage increase in costs based on previous expenditures rather than a flat funding increase as requested by the agency.

3. The agency had requested increases of \$25,000 PR annually on the basis that the expenditures for actuarial examinations of the then previous year's business (1994) had exceeded \$100,000. The agency's request further stated that due to expected inflationary increases in the costs of such services, increased funding of \$15,000 to \$20,000 would be needed to purchase similar services in the 1997-99 biennium. However, as the above table indicates, there have been two years out of the past five years when final costs were substantially under \$100,000.

4. It could be argued that the variations in actual expenditures in the last few years demonstrate an inconsistent basis for a need to increase the actuarial base budget at this time. The agency indicates that its base budget for this item has been at \$100,000 for the last several years. Therefore, it would appear that in those years when expenditures exceeded \$100,000, the agency was apparently able to reallocate funds from base resources to meet the increased costs in those years. Further, in the years that the expenditures were less than \$100,000, the excess in budgeted funds for this purpose was available for other uses.

5. The Committee could not make any adjustment to the agency's base for increases in actuarial costs at this time. Under this alternative, if the agency were to, in either of the next two years, find that the projected total costs of such services for the number of companies for which it needs to obtain actuarial review services is going to exceed the budgeted levels in that year and that no other funding is available for this purpose within its base budget, OCI could request supplemental one-time funding under s. 16.515.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to provide an increase to the base budget of \$10,000 PR in 1997-98 and \$20,000 PR in 1998-99 for increased costs of actuarial audits.

<u>Alternative 1</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$30,000
[Change to Bill	\$0]

2. Maintain current law.

<u>Alternative 2</u>	<u>PR</u>
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill	- \$30,000]

Prepared by: Tricia Collins

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

OFFICE OF THE COMMISSIONER OF INSURANCE

Alcoholism and Other Diseases Minimum Coverage Level Increases

Motion:

Move, by incorporating the provisions of LRBb0125/1 into the budget, to modify the current minimum requirements for coverage of nervous and mental disorders and alcoholism and other drug abuse problems by: (1) modifying the requirement that group or blanket disability insurance policies providing coverage for any outpatient treatment shall provide coverage for any outpatient hospital services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in an amount of not less than the first \$2,000 minus a copayment of up to 10%, to increase the minimum coverage to not less than the first \$7,000 minus a copayment of up to 10%, or if the coverage is provided by a health maintenance organization, to increase the required minimum from the first \$1,800 or the equivalent benefits measured in services rendered to the first \$6,300 or the equivalent benefits measured in services rendered; and (2) modifying the requirement that group or blanket disability insurance policies providing coverage of any inpatient hospital treatment or any outpatient treatment provide minimum coverage for transitional treatment arrangements for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in an amount not less than the first \$3,000 less a copayment of up to 10% to increase the minimum coverage to not less than the first \$7,000 minus a copayment of up to 10%, or if the coverage is provided by a health maintenance organization, to increase the required minimum amount from the first \$2,700 or the equivalent benefits measured in services rendered to the first \$6,300 or the equivalent benefits measured in services rendered.

Further, provide that these increased required minimum amounts of coverage would continue to be subject to the provision that if a group or blanket disability insurance policy provides coverage of inpatient hospital treatment or outpatient treatment or both, the policy shall provide coverage in every policy year according to the minimum coverage requirements for outpatient and inpatient services and transitional treatment arrangements as appropriate, except that the total minimum coverage under the policy for a policy year for coverage of nervous and mental disorders and alcoholism and other drug abuse problems need not exceed \$7,000, or if the coverage is provided by a health maintenance organization, the equivalent benefits measured in services rendered.

Provide that the increases in the required minimum coverage amounts first apply to policies that are issued or renewed on the first day of the fifth month beginning after publication of the bill, excepting policies covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with these provisions. Require that policies covering employees

INSURANCE

LFB Summary Items for Which No Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Standard Budget Adjustments
6a,d,e,f	Information Technology Initiatives
10	Funding for Rental Space
12	Increased Funding of BOALT Hotline
13	Training Room Facility
14	State Life Insurance Fund Audit Charges
7b	Increased staffing

*include items
MO# 1-14 and 7b*

2	BURKE	<input checked="" type="radio"/>	N	A
	DECKER	<input checked="" type="radio"/>	N	A
	GEORGE	<input checked="" type="radio"/>	N	A
	JAUCH	<input checked="" type="radio"/>	N	A
	WINEKE	<input checked="" type="radio"/>	N	A
	SHIBILSKI	<input checked="" type="radio"/>	N	A
	COWLES	<input checked="" type="radio"/>	N	A
	PANZER	<input checked="" type="radio"/>	N	A

LFB Summary Items to be Addressed in Subsequent F

<u>Item #</u>	<u>Title</u>
2	Repeal One-Time HIRSP Premium Subsidy
3	HIRSP -- Program Modifications and Transfer
4	Transfer the Office of Health Care Information to DHFS

JENSEN	<input checked="" type="radio"/>	N	A
OURADA	<input checked="" type="radio"/>	N	A
HARSDORF	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 15 NO 0 ABS 1

LFB Summary Items for Introduction as Separate Legislation

<u>Item #</u>	<u>Title</u>
15	Denial of Licenses for Delinquent Child Support or Failure to Provide Social Security Number
16	Nonstatutory Provisions
17	Access by DWD to Agency Records