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FORM 2

WISCONSIN LEGISLATIVE COUNCIL STAFF

RULES CLEARINGHOUSE

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CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE 00-114

AN ORDER to amend HFS 119.07 (6) (b) (intro.) and Medicare Plan tables, and (c) 1. (intro.) and tables, 2. and tables and (d) (intro.) and tables and 119.15, relating to operation of the health insurance risk-sharing plan (HIRSP).

Submitted by **DEPARTMENT OF HEALTH AND FAMILY SERVICES**

07-13-00 RECEIVED BY LEGISLATIVE COUNCIL.

08-10-00 REPORT SENT TO AGENCY.

RNS:GAA:jal;rv

LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]

Comment Attached

YES

NO

2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]

Comment Attached

YES

NO

3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]

Comment Attached

YES

NO

4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS [s. 227.15 (2) (e)]

Comment Attached

YES

NO

5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]

Comment Attached

YES

NO

6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL REGULATIONS [s. 227.15 (2) (g)]

Comment Attached

YES

NO

7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]

Comment Attached

YES

NO

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CLEARINGHOUSE RULE 00-114

Comments

[NOTE: All citations to "Manual" in the comments below are to the Administrative Rules Procedures Manual, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated September 1998.]

2. Form, Style and Placement in Administrative Code

Since s. HFS 119.15 (title) and (1) are not affected by the rule, only subs. (2) and (3) should be shown. The treatment clause to SECTION 5 should state: "SECTION 5. HFS 119.15 (2) and (3) are amended to read:"

STATE OF WISCONSIN DEPARTMENT OF HEALTH AND FAMILY SERVICES

**PROPOSED ORDER OF THE
DEPARTMENT OF HEALTH AND FAMILY SERVICES
AMENDING RULES**

To amend HFS 119.07 (6) (b) (intro.) and Medicare Plan tables, and (c) 1. (intro.) and tables, (c) 2. and tables, (d) (intro.) and tables and 119.15 relating to operation of the health insurance risk-sharing plan (HIRSP).

Analysis Prepared by the Department of Health and Family Services

The State of Wisconsin in 1981 established a Health Insurance Risk-Sharing Plan (HIRSP) for the purpose of making health insurance coverage available to medically uninsured residents of the state. HIRSP offers different types of medical care coverage plans for residents.

One type of medical coverage provided by HIRSP is the Major Medical Plan. This type of coverage is called Plan 1. Eighty-four percent of the 8,427 HIRSP policies in effect in March 2000, were of the Plan 1 type. Plan 1 has Option A (\$1,000 deductible) or Option B (\$2,500 deductible). The rate increases for Plan 1 contained in this rulemaking order increase an average of 12.4%. Rate increases for specific policyholders range from 3.5% to 15.0%, depending on a policyholder's age, gender, household income, deductible and zone of residence within Wisconsin. This increase reflects industry-wide premium increases and takes into account the increase in costs associated with Plan 1 claims. According to state law, HIRSP premiums cannot be less than 150% of the amount an individual would be charged for a comparable policy in the private market. The average 12.4% rate increase for Plan 1 is the minimum increase necessary to maintain premiums at the lowest level permitted by law.

A second type of medical coverage provided by HIRSP is supplemental coverage for persons eligible for Medicare. This type of coverage is called Plan 2. Plan 2 has a \$500 deductible. Sixteen percent of the 8,427 HIRSP policies in effect in March 2000, were of the Plan 2 type. The rate increases for Plan 2 contained in this rulemaking order increase an average of 18.2%. Rate increases for specific policyholders range from 7.5% to 21%, depending on a policyholder's age, gender, household income and zone of residence within Wisconsin. These rate increases reflect industry-wide cost increases and adjust premiums to a level that more accurately reflects actual claim costs for Plan 2 policyholders.

The Department through this rulemaking order proposes to amend ch. HFS 119 in order to update HIRSP premium rates in accordance with the authority and requirements set out in s. 149.143 (3) (a), Stats. The Department is required to set premium rates by rule. HIRSP premium rates must be calculated in accordance with generally accepted actuarial principles. Policyholders are to pay 60% of the costs of HIRSP.

The Department through this order is also adjusting the total HIRSP insurer assessments and provider payment rates in accordance with the authority and requirements set out in s. 149.143 (2) (a) 3. and 4., Stats. With the approval of the HIRSP Board of Governors and as required by statute, the Department reconciled total costs for the HIRSP program for calendar year 1999. The Board of Governors approved a methodology that reconciles the most recent calendar year actual HIRSP program costs, policyholder premiums, insurance assessments and health care provider contributions collected with the statutorily required funding formula.

By statute, the adjustments for the calendar year are to be applied to the next plan year budget beginning July 1, 2000. The total annual contribution to the HIRSP budget provided by an adjustment to the provider payment rates is \$10,119,482. The total annual contribution to the HIRSP budget provided by an assessment on insurers is \$9,898,358. On April 26, 2000, the HIRSP Board of Governors approved the calendar year 1999 reconciliation process and the HIRSP budget for the plan year July 1, 2000 through June 30, 2001.

These proposed rules are identical to emergency rules issued by the Department that became effective on July 1, 2000.

ORDER

Pursuant to authority vested in the Department of Health and Family Services by ss. 149.143 (2) (a) 2. 3. and 4., and (3), Stats., the Department of Health and Family Services hereby amends rules interpreting s. 149.143, Stats., as follows:

SECTION 1. HFS 119.07 (6) (b) (intro.) and tables for medical plan policies with standard deductible are amended to read:

HFS 119.07 (6) (b) (intro.) *Annual premiums for major medical plan policies with standard deductible.* The schedule of annual premiums beginning ~~July 1, 1999~~ July 1, 2000, for persons not entitled to a premium reduction under s. 149.165, Stats., is as follows:

MAJOR MEDICAL PLAN – Males

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,5121,656	\$1,3681,500	\$1,2121,332
19-24	1,5121,656	1,3681,500	1,2121,332
25-29	1,5481,716	1,4041,548	1,2481,368
30-34	1,7641,932	1,5841,728	1,4041,536
35-39	2,0042,232	1,8002,016	1,6081,788
40-44	2,4002,664	2,1602,412	1,9082,148
45-49	3,0483,480	2,7363,132	2,4362,772
50-54	4,0204,560	3,6244,104	3,2283,660
55-59	5,2565,832	4,7405,256	4,2124,668
60+	6,4687,200	5,8206,480	5,1725,760

MAJOR MEDICAL PLAN – Females

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,5121,656	\$1,3681,500	\$1,2121,332
19-24	2,0882,184	1,8961,968	1,6801,752
25-29	2,2322,376	2,0162,148	1,7881,908
30-34	2,4722,652	2,2202,376	1,9802,112
35-39	2,6882,976	2,4122,688	2,1482,376
40-44	2,9763,384	2,6883,048	2,3762,700
45-49	3,4923,984	3,1323,588	2,7963,168
50-54	4,0204,596	3,6004,140	3,2043,672
55-59	4,5965,220	4,1284,704	3,6724,176
60+	5,4006,084	4,8605,472	4,3204,860

MEDICARE PLAN – Males

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0081,176	\$9241,044	\$816936
19-24	1,0081,176	9241,044	816936
25-29	1,0321,212	9361,080	828960
30-34	1,1641,356	1,0561,212	9361,080
35-39	1,3321,572	1,2121,428	1,0681,248
40-44	1,6201,872	1,4401,692	1,2721,500
45-49	2,0402,436	1,8242,196	1,6321,944
50-54	2,7003,192	2,4242,880	2,1482,556
55-59	3,5044,092	3,1563,696	2,8083,276
60+	4,3085,064	3,8764,536	3,4444,032

MEDICARE PLAN – Females

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0081,176	\$9241,044	\$816936
19-24	1,3921,536	1,2721,368	1,1161,224
25-29	1,5001,680	1,3561,500	1,1881,332
30-34	1,6441,860	1,4881,680	1,3321,476
35-39	1,7882,088	1,6201,872	1,4281,680
40-44	1,9802,376	1,8002,148	1,5841,896
45-49	2,3402,796	2,0882,520	1,8722,220
50-54	2,6883,228	2,4002,904	2,1482,580
55-59	3,0723,660	2,7723,300	2,4362,940
60+	3,6004,272	3,2283,840	2,8803,408

SECTION 2. HFS 119.07 (6) (c) 1. (intro.) and tables are amended to read:

HFS 119.07 (6) (c) *Base rates for calculating premium reductions.* 1. (intro.) The annual base rates for calculating premium reductions under s. HFS 119.12 that are applicable to standard risks under individual policies providing substantially the same coverage and deductibles as the plan's major medical plan are as follows beginning July 1, 1998 July 1, 2000:

MAJOR MEDICAL PLAN – Males
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0081,104	\$912996	\$804888
19-24	1,0081,104	912996	804888
25-29	1,0321,140	9361,032	828912
30-34	1,1761,284	1,0561,152	9361,020
35-39	1,3321,488	1,2001,344	1,0681,188
40-44	1,5961,776	1,4401,608	1,2721,428
45-49	2,0282,316	1,8242,088	1,6201,848
50-54	2,6763,036	2,4122,736	2,1482,436
55-59	3,5043,888	3,1563,504	2,8083,108
60+	4,3084,800	3,8764,320	3,4443,840

MAJOR MEDICAL PLAN – Females

(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0081,104	\$912996	\$804888
19-24	1,3921,452	1,2601,308	1,1161,164
25-29	1,4881,584	1,3441,428	1,1881,272
30-34	1,6441,764	1,4761,584	1,3201,404
35-39	1,7881,980	1,6081,788	1,4281,584
40-44	1,9802,256	1,7882,028	1,5841,800
45-49	2,3282,652	2,0882,388	1,8602,112
50-54	2,6763,060	2,4002,760	2,1362,448
55-59	3,0603,480	2,7483,132	2,4482,784
60+	3,6004,056	3,2403,648	2,8803,240

SECTION 3. HFS 119.07 (6) (c) 2. (intro.) and tables are amended to read:

HFS 119.07 (6) (c) *Base rates for calculating premium reductions.* 2. (intro.) The annual base rates for calculating premium reductions under s. HFS 119.12 that are applicable to standard risks under individual policies providing substantially the same coverage and deductibles as the plan's medicare plan are as follows beginning July 1, 1999 July 1, 2000:

MEDICARE PLAN – Males
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$672780	\$612696	\$540624
19-24	672780	612696	540624
25-29	684804	624720	552636
30-34	780900	708804	624720
35-39	8881,044	804948	708828
40-44	1,0681,248	9601,128	852996
45-49	1,3561,620	1,2121,464	1,0801,296
50-54	1,7882,124	1,6081,920	1,4281,704
55-59	2,3402,724	2,1002,460	1,8722,184
60+	2,8683,372	2,5803,024	2,2922,688

MEDICARE PLAN – Females
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$672780	\$612696	\$540624
19-24	9241,020	840912	744816
25-29	9961,116	900996	792888
30-34	1,0921,236	9841,116	876984
35-39	1,1881,392	1,0681,248	9481,116
40-44	1,3201,584	1,1881,428	1,0561,260
45-49	1,5481,860	1,3921,680	1,2361,476
50-54	1,7882,148	1,5961,932	1,4281,716
55-59	2,0402,436	1,8362,196	1,6321,956
60+	2,4002,844	2,1602,556	1,9202,268

SECTION 4. HFS 119.07 (6) (d) (intro.) and tables are amended to read:

HFS 119.07 (6) (d) Annual premiums for major medical plan policies with a \$2,500 deductible. (intro.) In accordance with s. 149.146, Stats., an alternative plan of health insurance involving major medical expense coverage is established with a \$2,500 deductible. After the policyholder satisfies the annual \$2,500 deductible, HIRSP will pay 80% of the covered expenses for the next \$5,000 of covered expenses. Policyholders are required to pay the remaining 20% as coinsurance, up to an annual individual maximum of \$1,000. The annual maximum amount a family with two or more alternative plans will be required to pay for covered expenses is \$7,000. The schedule of annual premiums for coverage under the alternative plan with a \$2,500 deductible is as follows beginning ~~July 1, 1998~~ July 1, 2000:

ALTERNATIVE MAJOR MEDICAL PLAN Males

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0921,188	\$9841,080	\$876960
19-24	1,0921,188	9841,080	876960
25-29	1,1161,236	1,0081,116	900984
30-34	1,2721,392	1,1401,248	1,0081,104
35-39	1,4401,608	1,2961,452	1,1521,284
40-44	1,7281,920	1,5601,740	1,3681,548
45-49	2,1962,508	1,9682,256	1,7521,992
50-54	2,8923,288	2,6042,952	2,3282,640
55-59	3,7804,200	3,4083,780	3,0363,360
60+	4,6565,184	4,1884,668	3,7204,152

ALTERNATIVE MAJOR MEDICAL PLAN Females

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0921,188	\$9841,080	\$876960
19-24	1,5001,572	1,3681,416	1,2121,260
25-29	1,6081,716	1,4521,548	1,2841,368
30-34	1,7761,908	1,5961,716	1,4281,524
35-39	1,9322,148	1,7401,932	1,5481,716
40-44	2,1482,436	1,9322,196	1,7161,944
45-49	2,5202,868	2,2562,580	2,0162,280
50-54	2,8923,312	2,5922,976	2,3042,640
55-59	3,3123,756	2,9763,384	2,6403,012
60+	3,8884,380	3,5043,936	3,1083,504

SECTION 5. HFS 119.15 ^{(2) and (3) are} is amended to read:

HFS 119.15 Insurer assessments and provider payment rates. (1) PURPOSE. This section implements s. 149.143 (2) (a) 3. and 4., Stats.

(2) INSURER ASSESSMENTS. The insurer assessments for the time period July 1, 1999 through December 31, 1999 total \$2,975,605. The insurer assessments for the time period January 1, 2000 through June 30, 2000 total \$3,055,065. July 1, 2000 through June 30, 2001 total \$9,898,358.

(3) PROVIDER PAYMENT RATES. The total adjustment to the provider payment rates for the time period July 1, 1999 through December 31, 1999 is \$4,847,134. The total

adjustment to the provider payment rates for the time period January 1, 2000 through June 30, 2000 is \$ 4,926,594. July 1, 2000 through June 30, 2001 is \$10,119,482.

The rules contained in this order shall take effect on the first day of the month following publication in the Wisconsin Administrative Register, as provided in s. 227.22 (2), Stats.

Wisconsin Department of Health and
Family Services

Dated:

By: _____

Joseph Leean
Secretary

SEAL:

ORDER OF THE
DEPARTMENT OF HEALTH AND FAMILY SERVICES
AMENDING RULES

Section 149.143 (4), Stats., permits the Department to promulgate rules required under s. 149.143 (2) and (3), Stats., by using emergency rulemaking procedures, except that the Department is specifically exempted from the requirement under s. 227.24 (1) and (3), Stats., that it make a finding of emergency. These are the emergency rules. Department staff consulted with the Health Insurance Risk-Sharing Plan (HIRSP) Board of Governors on April 26, 2000 on the rules, as required by s. 149.20, Stats.

Analysis Prepared by the Department of Health and Family Services

The State of Wisconsin in 1981 established a Health Insurance Risk-Sharing Plan (HIRSP) for the purpose of making health insurance coverage available to medically uninsured residents of the state. HIRSP offers different types of medical care coverage plans for residents.

One type of medical coverage provided by HIRSP is the Major Medical Plan. This type of coverage is called Plan 1. Eighty-four percent of the 8,427 HIRSP policies in effect in March 2000, were of the Plan 1 type. Plan 1 has Option A (\$1,000 deductible) or Option B (\$2,500 deductible). The rate increases for Plan 1 contained in this rulemaking order increase an average of 12.4%. Rate increases for specific policyholders range from 3.5% to 15.0%, depending on a policyholder's age, gender, household income, deductible and zone of residence within Wisconsin. This increase reflects industry-wide premium increases and takes into account the increase in costs associated with Plan 1 claims. According to state law, HIRSP premiums cannot be less than 150% of the amount an individual would be charged for a comparable policy in the private market. The average 12.4% rate increase for Plan 1 is the minimum increase necessary to maintain premiums at the lowest level permitted by law.

A second type of medical coverage provided by HIRSP is supplemental coverage for persons eligible for Medicare. This type of coverage is called Plan 2. Plan 2 has a \$500 deductible. Sixteen percent of the 8,427 HIRSP policies in effect in March 2000, were of the Plan 2 type. The rate increases for Plan 2 contained in this rulemaking order increase an average of 18.2%. Rate increases for specific policyholders range from 7.5% to 21%, depending on a policyholder's age, gender, household income and zone of residence within Wisconsin. These rate increases reflect industry-wide cost increases and adjust premiums to a level that more accurately reflects actual claim costs for Plan 2 policyholders.

The Department through this rulemaking order is amending ch. HFS 119 in order to update HIRSP premium rates in accordance with the authority and requirements set out in s. 149.143 (3) (a), Stats. The Department is required to set premium rates by rule. HIRSP premium rates must be calculated in accordance with generally accepted actuarial principles. Policyholders are to pay 60% of the costs of HIRSP.

The Department through this order is also adjusting the total HIRSP insurer assessments and provider payment rates in accordance with the authority and requirements set out in s. 149.143 (2) (a) 3. and 4., Stats. With the approval of the HIRSP Board of Governors and as required by statute, the Department reconciled total costs for the HIRSP program for calendar year 1999. The Board of Governors approved a methodology that reconciles the most recent calendar year actual HIRSP program costs, policyholder premiums,

insurance assessments and health care provider contributions collected with the statutorily required funding formula.

By statute, the adjustments for the calendar year are to be applied to the next plan year budget beginning July 1, 2000. The total annual contribution to the HIRSP budget provided by an adjustment to the provider payment rates is \$10,119,482. The total annual contribution to the HIRSP budget provided by an assessment on insurers is \$9,898,358. On April 26, 2000, the HIRSP Board of Governors approved the calendar year 1999 reconciliation process and the HIRSP budget for the plan year July 1, 2000 through June 30, 2001.

ORDER

Pursuant to authority vested in the Department of Health and Family Services by ss. 149.143 (2) (a) 2., 3. and 4., (3) and (4), Stats., the Department of Health and Family Services hereby amends rules interpreting s. 149.143, Stats., as follows:

SECTION 1. HFS 119.07 (6) (b) (intro.) and tables for medical plan policies with standard deductible are amended to read:

HFS 119.07 (6) (b) (intro.) *Annual premiums for major medical plan policies with standard deductible.* The schedule of annual premiums beginning ~~July 1, 1999~~ July 1, 2000, for persons not entitled to a premium reduction under s. 149.165, Stats., is as follows:

MAJOR MEDICAL PLAN – Males

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,5121,656	\$1,3681,500	\$1,2121,332
19-24	1,5121,656	1,3681,500	1,2121,332
25-29	1,5481,716	1,4041,548	1,2481,368
30-34	1,7641,932	1,5841,728	1,4041,536
35-39	2,0042,232	1,8002,016	1,6081,788
40-44	2,4002,664	2,1602,412	1,9082,148
45-49	3,0483,480	2,7363,132	2,4362,772
50-54	4,0204,560	3,6244,104	3,2283,660
55-59	5,2565,832	4,7405,256	4,2124,668
60+	6,4687,200	5,8206,480	5,1725,760

MAJOR MEDICAL PLAN – Females

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,5121,656	\$1,3681,500	\$1,2121,332
19-24	2,0882,184	1,8961,968	1,6801,752
25-29	2,2322,376	2,0162,148	1,7881,908
30-34	2,4722,652	2,2202,376	1,9802,112
35-39	2,6882,976	2,4122,688	2,1482,376
40-44	2,9763,384	2,6883,048	2,3762,700
45-49	3,4923,984	3,1323,588	2,7963,168
50-54	4,0204,596	3,6004,140	3,2043,672
55-59	4,5965,220	4,1284,704	3,6724,176
60+	5,4006,084	4,8605,472	4,3204,860

MEDICARE PLAN – Males

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0081,176	\$9241,044	\$816936
19-24	1,0081,176	9241,044	816936
25-29	1,0321,212	9361,080	828960
30-34	1,1641,356	1,0561,212	9361,080
35-39	1,3321,572	1,2121,428	1,0681,248
40-44	1,6201,872	1,4401,692	1,2721,500
45-49	2,0402,436	1,8242,196	1,6321,944
50-54	2,7003,192	2,4242,880	2,1482,556
55-59	3,5044,092	3,1563,696	2,8083,276
60+	4,3085,064	3,8764,536	3,4444,032

MEDICARE PLAN – Females

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0081,176	\$9241,044	\$816936
19-24	1,3921,536	1,2721,368	1,1161,224
25-29	1,5001,680	1,3561,500	1,1881,332
30-34	1,6441,860	1,4881,680	1,3321,476
35-39	1,7882,088	1,6201,872	1,4281,680
40-44	1,9802,376	1,8002,148	1,5841,896
45-49	2,3402,796	2,0882,520	1,8722,220
50-54	2,6883,228	2,4002,904	2,1482,580
55-59	3,0723,660	2,7723,300	2,4362,940
60+	3,6004,272	3,2283,840	2,8803,408

SECTION 2. HFS 119.07 (6) (c) 1. (intro.) and tables are amended to read:

HFS 119.07 (6) (c) *Base rates for calculating premium reductions*. 1. (intro.) The annual base rates for calculating premium reductions under s. HFS 119.12 that are applicable to standard risks under individual policies providing substantially the same coverage and deductibles as the plan's major medical plan are as follows beginning July 1, 1998 July 1, 2000:

MAJOR MEDICAL PLAN – Males
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0081,104	\$912996	\$804888
19-24	1,0081,104	912996	804888
25-29	1,0321,140	9361,032	828912
30-34	1,1761,284	1,0561,152	9361,020
35-39	1,3321,488	1,2001,344	1,0681,188
40-44	1,5961,776	1,4401,608	1,2721,428
45-49	2,0282,316	1,8242,088	1,6201,848
50-54	2,6763,036	2,4122,736	2,1482,436
55-59	3,5043,888	3,1563,504	2,8083,108
60+	4,3084,800	3,8764,320	3,4443,840

MAJOR MEDICAL PLAN – Females
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0081,104	\$912996	\$804888
19-24	1,3921,452	1,2601,308	1,1161,164
25-29	1,4881,584	1,3441,428	1,1881,272
30-34	1,6441,764	1,4761,584	1,3201,404
35-39	1,7881,980	1,6081,788	1,4281,584
40-44	1,9802,256	1,7882,028	1,5841,800
45-49	2,3282,652	2,0882,388	1,8602,112
50-54	2,6763,060	2,4002,760	2,1362,448
55-59	3,0603,480	2,7483,132	2,4482,784
60+	3,6004,056	3,2403,648	2,8803,240

SECTION 3. HFS 119.07 (6) (c) 2. (intro.) and tables are amended to read:

HFS 119.07 (6) (c) *Base rates for calculating premium reductions. 2. (intro.)* The annual base rates for calculating premium reductions under s. HFS 119.12 that are applicable to standard risks under individual policies providing substantially the same coverage and deductibles as the plan's medicare plan are as follows beginning July 1, 1999 July 1, 2000:

MEDICARE PLAN – Males
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$672780	\$612696	\$540624
19-24	672780	612696	540624
25-29	684804	624720	552636
30-34	780900	708804	624720
35-39	8881,044	804948	708828
40-44	1,0681,248	9601,128	852996
45-49	1,3561,620	1,2121,464	1,0801,296
50-54	1,7882,124	1,6081,920	1,4281,704
55-59	2,3402,724	2,1002,460	1,8722,184
60+	2,8683,372	2,5803,024	2,2922,688

MEDICARE PLAN – Females
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$672780	\$612696	\$540624
19-24	9241,020	840912	744816
25-29	9961,116	900996	792888
30-34	1,0921,236	9841,116	876984
35-39	1,1881,392	1,0681,248	9481,116
40-44	1,3201,584	1,1881,428	1,0561,260
45-49	1,5481,860	1,3921,680	1,2361,476
50-54	1,7882,148	1,5961,932	1,4281,716
55-59	2,0402,436	1,8362,196	1,6321,956
60+	2,4002,844	2,1602,556	1,9202,268

SECTION 4. HFS 119.07 (6) (d) (intro.) and tables are amended to read:

HFS 119.07 (6) (d) *Annual premiums for major medical plan policies with a \$2,500 deductible.* (intro.) In accordance with s. 149.146, Stats., an alternative plan of health insurance involving major medical expense coverage is established with a \$2,500 deductible. After the policyholder satisfies the annual \$2,500 deductible, HIRSP will pay 80% of the covered expenses for the next \$5,000 of covered expenses. Policyholders are required to pay the remaining 20% as coinsurance, up to an annual individual maximum of \$1,000. The annual maximum amount a family with two or more alternative plans will be required to pay for covered expenses is \$7,000. The schedule of annual premiums for coverage under the alternative plan with a \$2,500 deductible is as follows beginning ~~July 1, 1998~~ July 1, 2000:

ALTERNATIVE MAJOR MEDICAL PLAN Males

Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$1,0921,188</u>	<u>\$9841,080</u>	<u>\$876960</u>
19-24	<u>1,0921,188</u>	<u>9841,080</u>	<u>876960</u>
25-29	<u>1,1161,236</u>	<u>1,0081,116</u>	<u>900984</u>
30-34	<u>1,2721,392</u>	<u>1,1401,248</u>	<u>1,0081,104</u>
35-39	<u>1,4401,608</u>	<u>1,2961,452</u>	<u>1,1521,284</u>
40-44	<u>1,7281,920</u>	<u>1,5601,740</u>	<u>1,3681,548</u>
45-49	<u>2,1962,508</u>	<u>1,9682,256</u>	<u>1,7521,992</u>
50-54	<u>2,8923,288</u>	<u>2,6042,952</u>	<u>2,3282,640</u>
55-59	<u>3,7804,200</u>	<u>3,4083,780</u>	<u>3,0363,360</u>
60+	<u>4,6565,184</u>	<u>4,1884,668</u>	<u>3,7204,152</u>

ALTERNATIVE MAJOR MEDICAL PLAN Females

Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$1,0921,188</u>	<u>\$9841,080</u>	<u>\$876960</u>
19-24	<u>1,5001,572</u>	<u>1,3681,416</u>	<u>1,2121,260</u>
25-29	<u>1,6081,716</u>	<u>1,4521,548</u>	<u>1,2841,368</u>
30-34	<u>1,7761,908</u>	<u>1,5961,716</u>	<u>1,4281,524</u>
35-39	<u>1,9322,148</u>	<u>1,7401,932</u>	<u>1,5481,716</u>
40-44	<u>2,1482,436</u>	<u>1,9322,196</u>	<u>1,7161,944</u>
45-49	<u>2,5202,868</u>	<u>2,2562,580</u>	<u>2,0162,280</u>
50-54	<u>2,8923,312</u>	<u>2,5922,976</u>	<u>2,3042,640</u>
55-59	<u>3,3123,756</u>	<u>2,9763,384</u>	<u>2,6403,012</u>
60+	<u>3,8884,380</u>	<u>3,5043,936</u>	<u>3,1083,504</u>

SECTION 5. HFS 119.15 is amended to read:

HFS 119.15 Insurer assessments and provider payment rates. (1) PURPOSE. This section implements s. 149.143 (2) (a) 3. and 4., Stats.

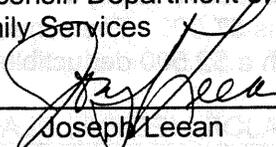
(2) INSURER ASSESSMENTS. The insurer assessments for the time period ~~July 1, 1999 through December 31, 1999 total \$2,975,605. The insurer assessments for the time period January 1, 2000 through June 30, 2000 total \$3,055,065. July 1, 2000 through June 30, 2001 total \$9,898,358.~~

(3) PROVIDER PAYMENT RATES. The total adjustment to the provider payment rates for the time period July 1, 1999 through December 31, 1999 is \$4,847,134. The total adjustment to the provider payment rates for the time period January 1, 2000 through June 30, 2000 is \$ 4,926,594. July 1, 2000 through June 30, 2001 is \$10,119,482.

The rules contained in this order shall take effect as emergency rules on July 1, 2000.

Wisconsin Department of Health and Family Services

Dated: June 30, 2000

By: 
Joseph Leean
Secretary

SEAL

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #

INTRODUCTION #

Admin. Rule # HFS 119.07(6) & HFS 119.15

Subject

HEALTH INSURANCE RISK-SHARING PLAN (HIRSP)

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.435 (4) (v)

Assumptions Used in Arriving at Fiscal Estimate:

The Health Insurance Risk-Sharing Plan (HIRSP) has the purpose of making health insurance coverage available to medically uninsured residents of the state. This order updates HIRSP premiums for policyholders effective July 1, 2000. It also adjusts total HIRSP insurer assessments and provider payment rates for the 12-month period beginning July 1, 2000. This adjustment process is being done in order to reflect changing HIRSP costs and a statute-specified methodology, to offset program costs.

The fiscal adjustments contained in this order were developed by an independent actuarial firm, under contract to DHFS, on behalf of HIRSP. By statute, these adjustments include estimates for the annual reconciliation process, which is based on the previous calendar year and implemented in the subsequent plan year. For example, the fiscal adjustments are based upon a combination of a retrospective reconciliation process, current HIRSP expenses, inflation trends in medical care and statutory requirements. The resulting adjustments are then applied to the time-period beginning July 1, 2000.

It is estimated that the proposed changes will increase program revenues by \$7,562,292 in SFY 2001. This amount is comprised of an increase of \$3,867,688 in insurance assessments, \$345,754 in provider payments and \$3,348,850 in premiums collected for SFY 2001. The increase in program revenues is expected to pay for a corresponding increase in program expenditures for the payment of provided services in SFY 2001. As a result, the net fiscal effect is projected to be zero.

These projected adjustments have been reviewed by DHFS staff and unanimously recommended for approval by the HIRSP Board of Governors. By law, the Board is a diverse body composed of consumers, insurers, health care providers, small business and other affected parties.

Long-Range Fiscal Implications:

Prepared By: / Phone # / Agency Name

DHFS/Randy McElhose, 267-7127

Authorized Signature / Telephone No.

John Giesow, 266-9622

Date

6-27-00