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MEMORANDUM

February 23, 1999

TO: Senate Committee on Insurance, Tourism
Transportation & Corrections
FR: Senator Roger Breske, Chair
RE: Proposed Administrative Rules

Below, please find descriptions of various administrative rules recently referred to the Senate Committee on Insurance, Tourism, Transportation & Corrections. For your reference, I have included a brief summary, prepared by the department, of each rule. If you would like a copy of any of these rules, or if you would like to request a hearing, please contact Vaughn in my office before *Friday, March 12, 1999*.

CLEARINGHOUSE RULE 98-127; Relating to lie detector testing of sex offenders who are in community placements. This proposed rule would direct DHFS to establish a lie detector testing program for sex offenders who are in community placements. Lie detector testing of clients who are sex offenders and are on conditional or supervised release is recognized as an effective supervision tool for determining the nature and extent of deviant sexual behavior and developing appropriate intervention strategies. In addition, it is anticipated that testing will improve treatment outcomes by overcoming client denial and by detecting behaviors that lead to re-offending.

Clearinghouse Rule 98-186; Relating to risk based capital for health insurers. Currently Wisconsin requires health and life and property and casualty insurers to maintain certain risk based capital levels. The proposed order removes the current exclusion of health maintenance organization insurers and insurers writing only limited service health organization business from the definition of "insurer" thus applying risk based capital requirements developed by the National Association of Insurance Commissioners ("NAIC") to them also. The objective of this rule is to establish solvency standards for these health insurers in order to increase protections for Wisconsin citizens covered by this insurance.