

**SENATE COMMITTEE ON HEALTH, CHILDREN,
FAMILIES, AGING AND LONG TERM CARE**

SENATE BILL 466

Perms

SB 466 WAS NOT PROPERLY DRAFTED.

I HAVE REQUESTED AN AMENDMENT TO REMOVE 149.132 (1) WHICH REQUIRES ANY MANUFACTURER OF PRESCRIPTION DRUGS THAT PROVIDES DRUGS FOR MEDICAL ASSISTANCE BENEFITS TO SELL PRESCRIPTION DRUGS FOR THE PRESCRIBED USE AND PURCHASE BY ELIGIBLE PERSONS UNDER HIRSP.

SENATE BILL 466 MAKES SEVERAL CHANGES TO HIRSP:

FUNDING

- UNDER THE BILL, AS A CONDITION OF COVERAGE OF THEIR PRESCRIPTION DRUGS UNDER HIRSP, EACH DRUG MANUFACTURER OR LABELER IS REQUIRED TO PAY AN ASSESSMENT THAT IS BASED ON THE TOTAL CLAIMS PAID BY HIRSP IN THE PREVIOUS CALENDAR YEAR TO PHARMACIES AND PHARMACISTS FOR THE MANUFACTURER'S OR LABELER'S DRUGS.
- THE ASSESSMENT AMOUNT FOR EACH CLAIM IS EQUAL TO THE REBATE AMOUNT THAT THE MANUFACTURER OR LABELER PAYS FOR THE DRUG UNDER MEDICAL ASSISTANCE.

- 60 PERCENT OF HIRSP OPERATING COSTS WILL CONTINUE TO BE PAID FOR WITH PREMIUMS. THE 40 PERCENT OF HIRSP'S OPERATING COSTS THAT REMAIN AFTER PREMIUMS ARE USED, WOULD FIRST BE PAID WITH THE DRUG MANUFACTURER AND LABELER ASSESSMENTS.
- THE COSTS THAT REMAIN WOULD BE PAID, IN EQUAL PROPORTIONS, BY THE HEALTH INSURER ASSESSMENTS AND THE HEALTH CARE PROVIDER PAYMENT DISCOUNTS.
- THE BILL WOULD ALLOW THE PHARMACY EXAMINING BOARD TO ASSESS A FORFEITURE OF NOT MORE THAN \$1,000 PER DAY AGAINST A DRUG MANUFACTURER OR LABELER THAT FAILS TO PAY AN ASSESSMENT FOR HIRSP.

HIRSP BOARD

- THE BILL REMOVES MOST OF THE ADMINISTRATIVE RESPONSIBILITIES FROM DHFS AND TRANSFERS THEM TO THE BOARD.
- FOR EXAMPLE, UNDER CURRENT LAW, DHFS MAY ESTABLISH DIFFERENT DEDUCTIBLE AMOUNTS AND A DIFFERENT COINSURANCE PERCENTAGE FROM WHAT IS PROVIDED IN THE STATUTES, WHILE UNDER THE BILL THE BOARD MAY DO SO.

- ANOTHER EXAMPLE, DHFS ESTABLISHES A PROGRAM BUDGET IN CONSULTATION WITH THE BOARD AND MAY IMPLEMENT THE BUDGET ONLY IF IT IS APPROVED BY THE BOARD. UNDER THE BILL THE BOARD ESTABLISHES THE PROGRAM BUDGET AND MUST CONSULT WITH DHFS IN DERIVING THE PROVIDER PAYMENT RATE.

BOARD MEMBERSHIP

- THE BILL PROVIDES THAT THE BOARD WILL ANNUALLY SELECT THE CHAIRPERSON. THE BILL ALSO ADDS A REPRESENTATIVE OF PHARMACEUTICAL RESEARCH AND MANUFACTURERS OF AMERICA TO THE BOARD.

EXPENSES COVERED BY HIRSP

- UNDER CURRENT LAW, EXPENSES COVERED UNDER HIRSP AND EXCLUSIONS ARE SET OUT IN THE STATUTES. THE BILL ELIMINATES THOSE PROVISIONS AND REQUIRES THE BOARD TO ESTABLISH BY RULE THE PLAN DESIGN, INCLUDING COVERED EXPENSES AND EXCLUSIONS.

SELECTION OF THE BOARD ADMINISTRATOR

- UNDER CURRENT LAW, DHFS MAY SELECT THE PLAN ADMINISTRATOR IN A COMPETITIVE BIDDING PROCESS. THE BILL REQUIRES THE BOARD TO SELECT THE PLAN ADMINISTRATOR IN A COMPETITIVE, REQUEST-FOR-PROPOSALS PROCESS AND ALLOWS THE BOARD TO

CONTRACT WITH OTHER PERSONS TO PROVIDE PROFESSIONAL SERVICES TO THE BOARD AND HIRSP.

PREMIUM RATES FOR HIGHER INCOME

- THE BILL ALLOWS THE BOARD TO ESTABLISH FOR COVERED PERSONS WITH ANNUAL HOUSEHOLD INCOMES OVER \$100,000 A SEPARATE SCHEDULE OF PREMIUM RATES THAT ARE HIGHER THAN THE RATES FOR OTHER COVERED PERSONS.
- THE ADDITIONAL PREMIUM COLLECTED MUST BE USED TO FURTHER REDUCE THE PREMIUMS PAID BY LOWER-INCOME COVERED PERSONS WHO RECEIVE A SUBSIDY FOR PREMIUMS AND DEDUCTIBLES.

ELIGIBILITY

- UNDER THE BILL, A PERSON IS ELIGIBLE IF HE OR SHE IS REJECTED FOR COVERAGE BY 2 OR MORE INSURERS OR IF HE OR SHE IS REJECTED FOR COVERAGE BY AT LEAST 1 INSURER IN ADDITION TO HAVING COVERAGE CANCELED OR REDUCED, OR PREMIUMS INCREASED, BY 1 OR MORE INSURERS.

(UNDER CURRENT LAW, A PERSON IS ELIGIBLE FOR HIRSP COVERAGE IF HE OR SHE IS REJECTED FOR COVERAGE BY 1 OR MORE INSURERS, HAS COVERAGE CANCELED BY ONE OR MORE INSURERS, OR RECEIVES NOTICE OF A SUBSTANTIAL REDUCTION IN COVERAGE OR A 50 PERCENT INCREASE IN PREMIUM)

- UNDER CURRENT LAW, A PERSON IS NOT ELIGIBLE FOR COVERAGE UNDER HIRSP IF HE OR SHE IS ELIGIBLE FOR COVERAGE PROVIDED BY AN EMPLOYER. SB 466 REQUIRES DHFS TO VERIFY INFORMATION THAT AN APPLICANT PROVIDES ABOUT HIS OR HER EMPLOYMENT AND WHETHER HEALTH CARE COVERAGE IS AVAILABLE THROUGH THAT EMPLOYMENT.
- DHFS MUST MAINTAIN A DATA BASE WITH THE INFORMATION AND SUBMIT A QUARTERLY REPORT TO THE BOARD ON THE INFORMATION.

GRANT MONEY

- THE BILL REQUIRES THAT ANY FEDERAL GRANT MONEYS RECEIVED BY THE STATE UNDER THE TRADE ADJUSTMENT ASSISTANCE REFORM ACT OF 2002 BE USED TO PAY PLAN COSTS BEFORE ANY COSTS ARE PAID WITH PREMIUMS OR INSURER AND DRUG MANUFACTURER AND LABELER ASSESSMENTS AND PROVIDER PAYMENT DISCOUNTS.

Wisconsin Association of Health Plans

Health Insurance Risk Sharing Plan (HIRSP) Reform Legislation

Increasing Enrollment & Costs Equals a Hidden Tax on Small Business

- HIRSP enrollment has grown to 17,447 lives, over a 120% increase in the past four years.
- The 2004 State Fiscal Year HIRSP budget is approximately \$170 million, over a 250% increase in the past four years.
- The State has eliminated General Purpose Revenue (GPR) funding thus increasing the burden on insurers, providers & policyholders. In 1998, GPR funding represented 25% of the funding of the program.
- Failure to fix HIRSP will result in an increase in this hidden HIRSP tax as costs are shifted on to small businesses.

Components of the Legislation

1. Governing Board

- Restores HIRSP Board of Governors authority to manage the program so that more attention is given to controlling costs and enrollment.
- Allows Board to redesign HIRSP benefits to more reasonably reflect benefit designs in the commercial market.

2. Broadening Funding Base - Pharmaceutical Companies

- Requires pharmaceutical companies to contribute reasonable rebates consistent with other public health care programs.

3. Verification of Eligibility & Income

- Requires the Department of Health & Family Services to verify that individuals in HIRSP are not eligible for employer sponsored coverage.
- Requires that two or more insurers must reject an individual to establish eligibility to ensure that HIRSP is used as a program of last resort.

4. Means Testing

- Allows the Board to establish a higher rate schedule for those on HIRSP with incomes higher than \$100,000 to help reduce premiums of lower-income HIRSP participants.

WISCONSIN ASSOCIATION OF HEALTH PLANS
 Coverage Comparison
 7/18/03

<i>BENEFIT CATEGORY</i>	<i>TYPICAL INDIVIDUAL INSURANCE POLICY</i>	<i>HIRSP POLICY (PLANS IA AND IB)</i>
Inpatient hospital cost-sharing	Subject to general deductible (varies, see below), then 10% - 30% coinsurance.	Subject to general deductible (\$1,000 or \$2,500), then 20% coinsurance.
Outpatient hospital cost-sharing	Subject to general deductible (varies, see below), then 10% - 30% coinsurance.	Subject to general deductible (\$1,000 or \$2,500), then 20% coinsurance.
Emergency room cost-sharing	\$75 copayment	Subject to general deductible (\$1,000 or \$2,500), then 20% coinsurance.
Ambulance cost-sharing	Subject to general deductible (varies, see below), and/or 20% coinsurance.	Subject to general deductible (\$1,000 or \$2,500), then 20% coinsurance.
Office visit cost-sharing	Subject to general deductible (varies, see below), and/or 10% - 30% coinsurance.	Subject to general deductible (\$1,000 or \$2,500), then 20% coinsurance.
Prescription drug cost-sharing	<u>Drugs are not covered in many cases.</u> For plans with drug coverage, deductible/coinsurance or three-tier benefit (\$10 generic/\$25 preferred brand/\$35 other brand) applies. None.	20% coinsurance up to a maximum out-of-pocket cost of \$25 per prescription. None.
Annual out-of-pocket maximum for drug copayments	None.	None.
Mental health/substance abuse	<u>Mandate does not apply to individual policies. Most do not provide coverage.</u> Those that provide coverage do not exceed the statutory annual minimums of: <ul style="list-style-type: none"> ➤ \$2,000 outpatient. ➤ \$3,000 transitional. ➤ \$7,000 inpatient. Overall annual statutory minimum is \$7,000.	Annual benefits exceed statutory minimums applying to group coverage: <ul style="list-style-type: none"> ➤ 30 days inpatient for substance abuse. ➤ 60 days inpatient for mental health. ➤ \$3,000 for outpatient services, with the first \$500 being exempt from the deductible and coinsurance. ➤ \$3,000 for transitional treatment, exempt from deductible and coinsurance. No annual cap on overall mental health benefits.
Physical, occupational, speech therapies	Subject to general deductible (varies, see below), and/or 10% - 30% coinsurance. Quantity/duration limits often apply.	Subject to general deductible (\$1,000 or \$2,500), then 20% coinsurance.
Gastrointestinal surgery for obesity	Not typically covered.	Subject to general deductible (\$1,000 or \$2,500), then 20% coinsurance.

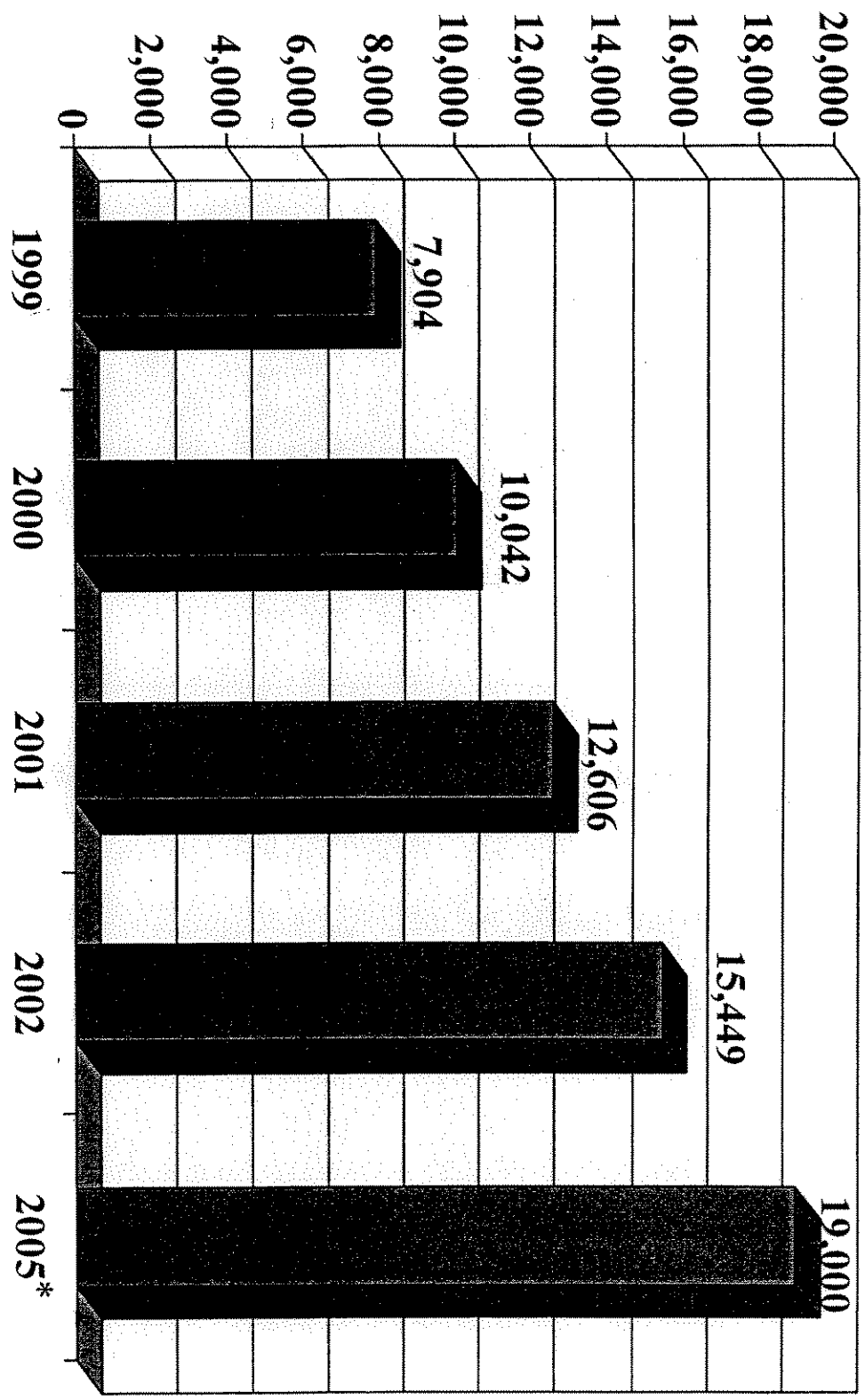
WISCONSIN ASSOCIATION OF HEALTH PLANS

Coverage Comparison

7/18/03

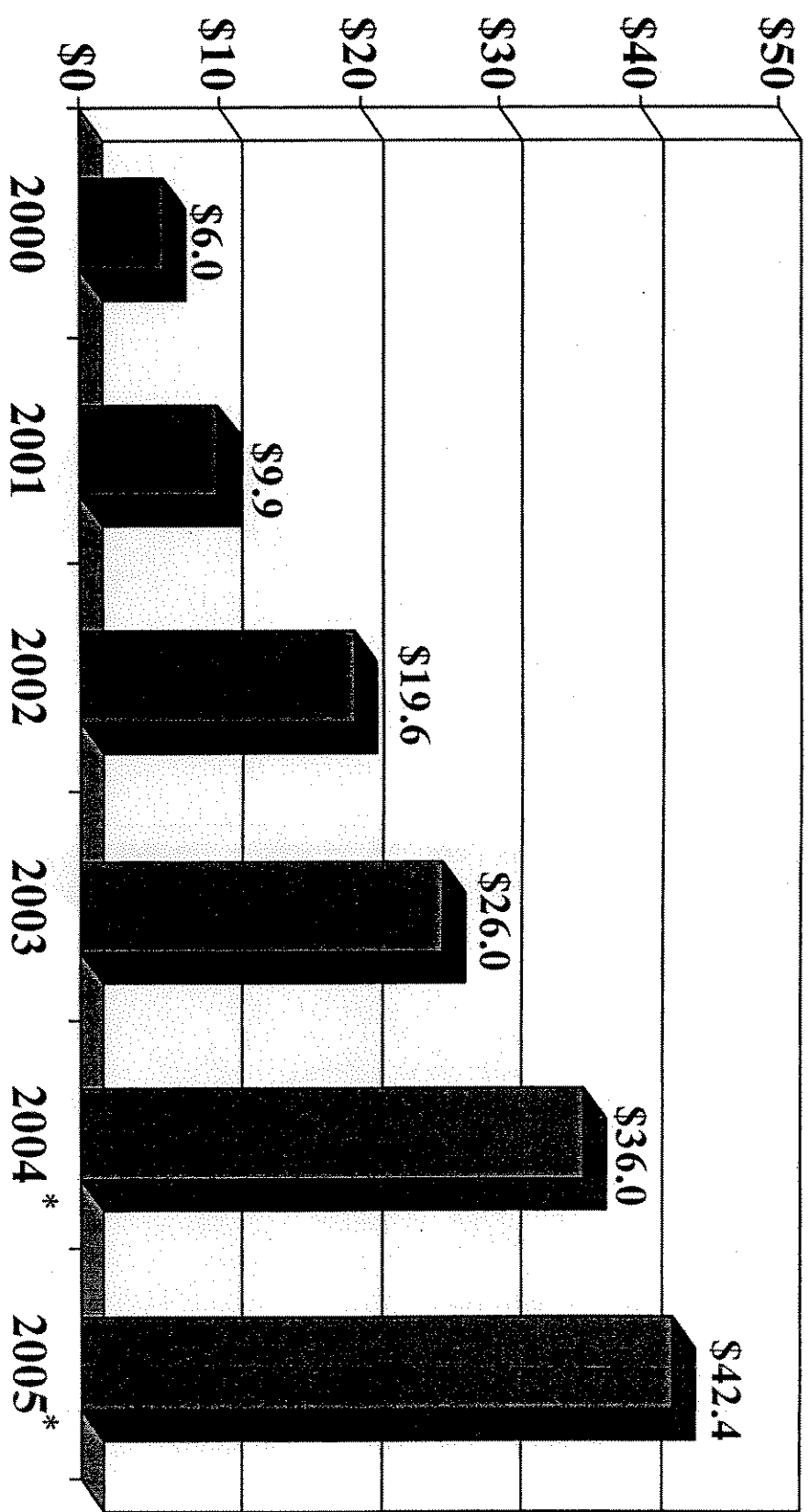
BENEFIT CATEGORY	TYPICAL INDIVIDUAL INSURANCE POLICY	HIRSP POLICY (PLANS 1A AND 1B)
Transplants	Coverage varies. Lifetime transplant maximum of \$250,000 - \$500,000 typically applies.	Subject to general deductible (\$1,000 or \$2,500), then 20% coinsurance.
Preventive/restorative dental	Not typically covered. Benefit can be purchased separately in some cases.	Not covered.
Hospice care	Covered. In some cases subject to deductible and coinsurance.	Subject to general deductible and coinsurance.
Vision	If coverage is offered, it is typically limited to one exam/refraction per year.	Exams not covered. Limited benefit for corrective lenses.
Hearing aids/cochlear implants	Not typically covered.	Not covered.
General deductible	\$250 - \$10,000 per year.	\$1,000 or \$2,500 per year.
Coinsurance percentage	10% - 30%	20%
Annual out-of-pocket maximum	\$1,250 - \$10,000, not including drug cost-sharing.	\$2,000 or \$3,500 per year, not including drug coinsurance.
Lifetime benefit maximum	\$1,000,000 - \$2,000,000	\$1,000,000
Total annual cost	Child: \$550 - \$1,480 Adult: \$1,200 - \$16,200 (Lower costs apply to younger enrollees with higher deductibles.)	Child: \$1,296 - \$2,232 Adult: \$1,296 - \$10,836

Wisconsin Health Insurance Risk Sharing Plan (HIRSP) Enrollment



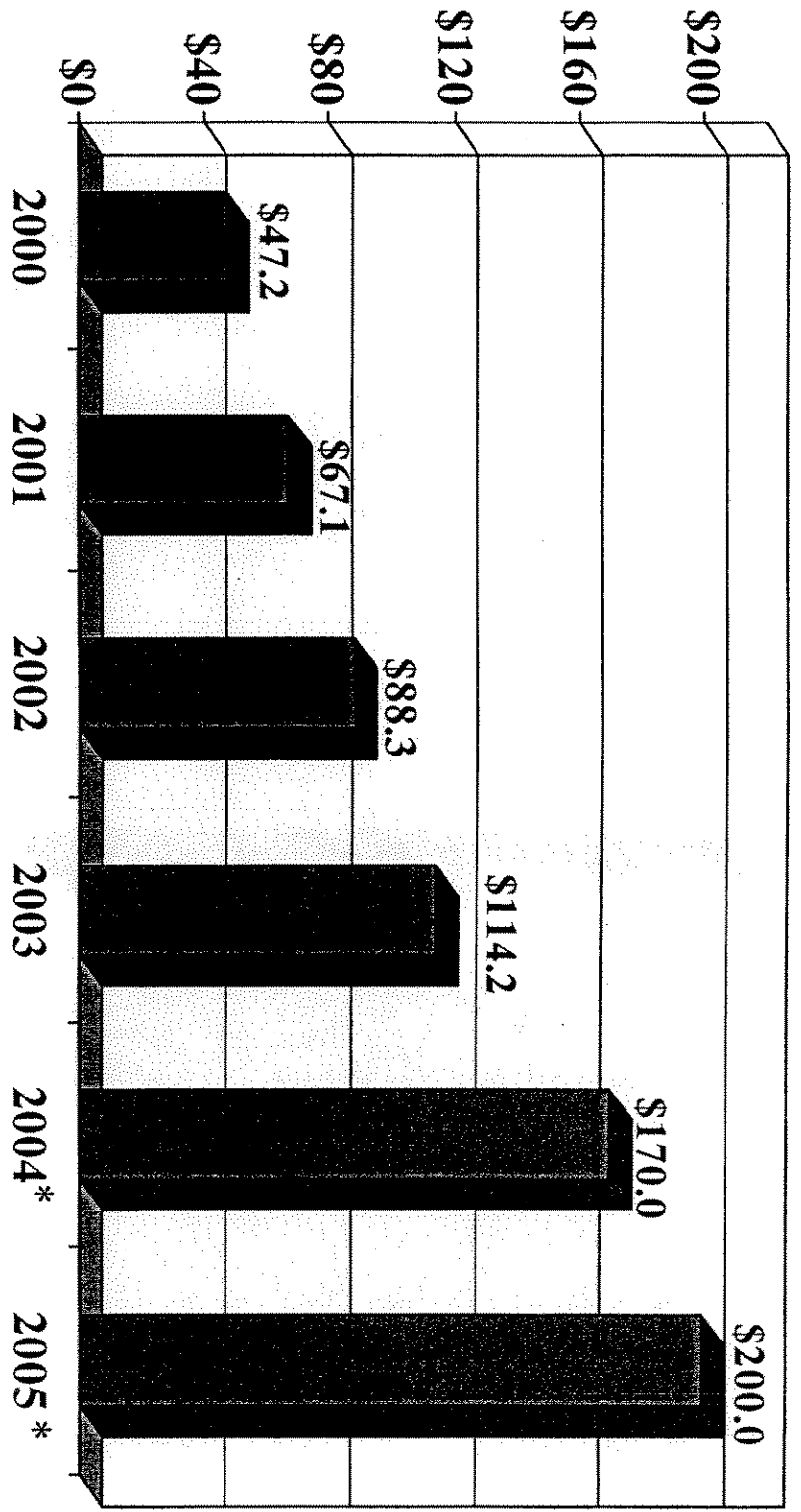
* Projected enrollment by end of '03 - '05 biennium.

HIRSP Insurer Assessments (in millions)



*Projected assessment

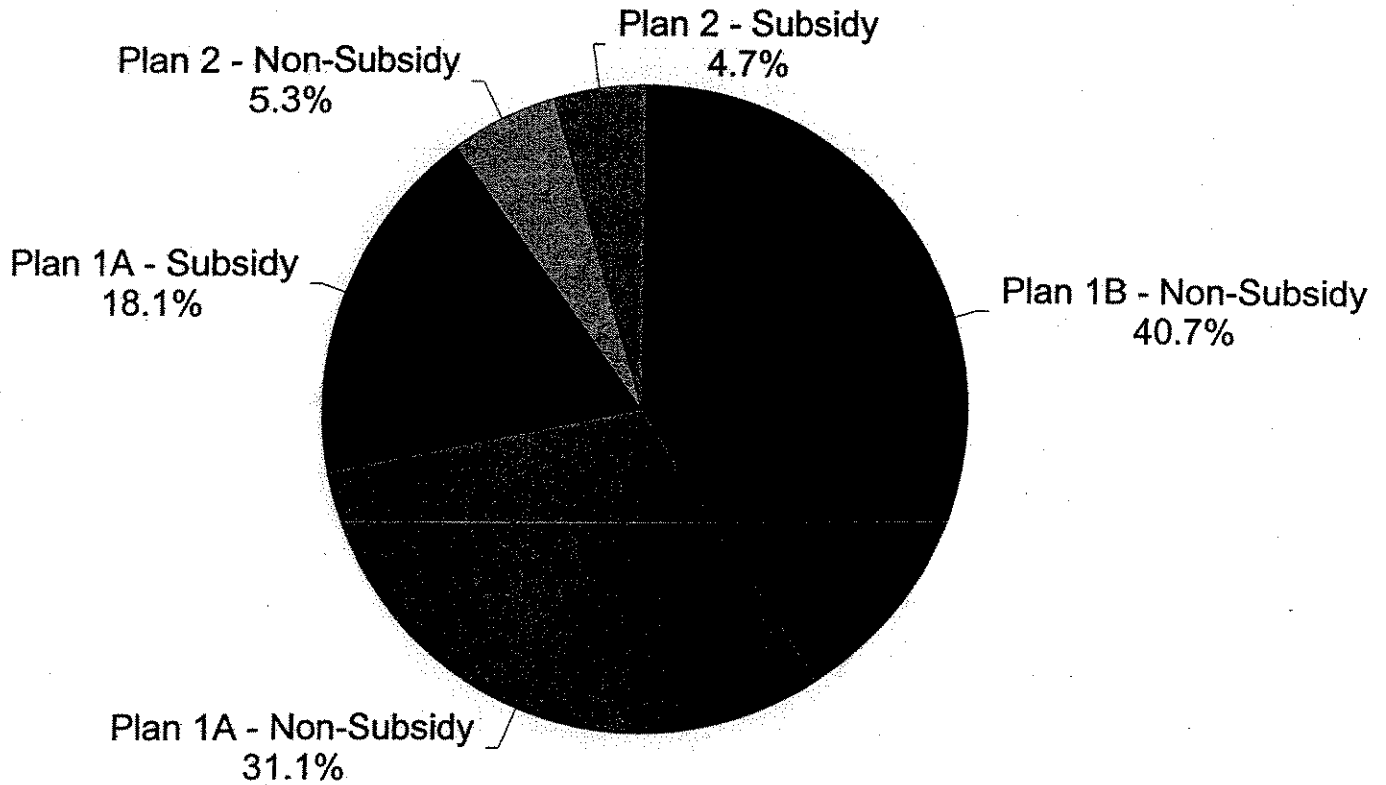
HIRSP Program Expenditures (in millions)



* Estimated cost

Health Insurance Risk Sharing Plan (HIRSP)

Composite Average Annual Premium Rate by Plan
Plan Enrollment as of September 30, 2003



	Percent of Plan Enrollment	Plan Enrollment September 30, 2003		Lowest Annual Premium Rate	Percent Standard Risk Rate	Highest Annual Premium Rate	Percent Standard Risk Rate	Composite Average Annual Premium Rate
Plan 1B - Non-Subsidy	40.7%	7,020 individuals		\$1,296	100.8%	\$7,800	100.8%	\$3,085
Plan 1A - Non-Subsidy	31.1%	5,360 individuals		\$1,800	140.0%	\$10,836	140.0%	\$4,284
Plan 1A - Subsidy	18.1%	3,115 individuals		\$1,284	100.0%	\$10,062	130.0%	\$3,575
Plan 2 - Non-Subsidy	5.3%	921 individuals		\$1,380	107.0%	\$8,280	107.0%	\$3,275
Plan 2 - Subsidy	4.7%	812 individuals		\$984	76.5%	\$7,691	99.4%	\$2,697

17,228 individuals enrolled in HIRSP as of September 30, 2003

11/23/2003

REVISED FY 2004 PREMIUM RATE SCHEDULE - PLAN 1A, PLAN 1B AND PLAN 2 NON-SUBSIDY RATES

Based on Milliman USA, Projection of Premium Rates and Budget, Appendix A, Pages 1 - 2, June 2, 2003 - As Approved by the HIRSP Board of Governors, May 19, 2003

ANNUAL PREMIUM RATES PAID BY POLICYHOLDERS WITH ANNUAL HOUSEHOLD INCOMES IN EXCESS OF \$25,000 WHO ARE NOT ELIGIBLE FOR PREMIUM SUBSIDY UNDER s. 149.165

PLAN 1A
FY 2004 (JULY 1, 2003 - JUNE 30, 2004)

MAJOR MEDICAL PLAN (STANDARD PLAN)
(140% of Avg. Standard Risk Rate Approximated @ \$3,372)

AGE GROUP	ANNUAL PREMIUM		
	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$2,232	\$2,016	\$1,800
19-24	\$2,232	\$2,016	\$1,800
25-29	\$2,340	\$2,100	\$1,860
30-34	\$2,640	\$2,368	\$2,112
35-39	\$3,072	\$2,772	\$2,472
40-44	\$3,660	\$3,288	\$2,928
45-49	\$4,716	\$4,248	\$3,780
50-54	\$6,312	\$5,676	\$5,052
55-59	\$8,364	\$7,524	\$6,684
60+	\$10,836	\$9,744	\$8,664

AGE GROUP	ANNUAL PREMIUM		
	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$2,232	\$2,016	\$1,800
19-24	\$2,844	\$2,556	\$2,268
25-29	\$3,192	\$2,868	\$2,556
30-34	\$3,528	\$3,180	\$2,820
35-39	\$4,032	\$3,624	\$3,228
40-44	\$4,584	\$4,128	\$3,684
45-49	\$5,412	\$4,872	\$4,332
50-54	\$6,480	\$5,832	\$5,196
55-59	\$7,560	\$6,804	\$6,048
60+	\$8,904	\$8,016	\$7,128

PLAN 2
FY 2004 (JULY 1, 2003 - JUNE 30, 2004)

MEDICARE SUPPLEMENT PLAN
(76.5% of Plan 1A Rate)
(107% of Avg. Standard Risk Rate)

AGE GROUP	ANNUAL PREMIUM		
	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,716	\$1,548	\$1,380
19-24	\$1,716	\$1,548	\$1,380
25-29	\$1,776	\$1,608	\$1,428
30-34	\$2,016	\$1,836	\$1,608
35-39	\$2,352	\$2,112	\$1,884
40-44	\$2,608	\$2,520	\$2,232
45-49	\$3,612	\$3,240	\$2,892
50-54	\$4,824	\$4,332	\$3,864
55-59	\$6,396	\$5,748	\$5,112
60+	\$8,280	\$7,440	\$6,624

AGE GROUP	ANNUAL PREMIUM		
	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,716	\$1,548	\$1,380
19-24	\$2,172	\$1,944	\$1,728
25-29	\$2,436	\$2,196	\$1,944
30-34	\$2,700	\$2,424	\$2,148
35-39	\$3,072	\$2,772	\$2,472
40-44	\$3,516	\$3,156	\$2,808
45-49	\$4,128	\$3,732	\$3,312
50-54	\$4,956	\$4,452	\$3,960
55-59	\$5,784	\$5,208	\$4,620
60+	\$6,804	\$6,132	\$5,448

PLAN 1B
HIGH DEDUCTIBLE PLAN
FY 2004 (JULY 1, 2003 - JUNE 30, 2004)

ALTERNATIVE MAJOR MEDICAL PLAN
(72% of Plan 1 Rate)
(100.8% of Avg. Standard Risk Rate)

AGE GROUP	ANNUAL PREMIUM		
	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,608	\$1,452	\$1,296
19-24	\$1,608	\$1,452	\$1,296
25-29	\$1,680	\$1,512	\$1,344
30-34	\$1,896	\$1,716	\$1,524
35-39	\$2,208	\$1,992	\$1,776
40-44	\$2,640	\$2,364	\$2,112
45-49	\$3,366	\$3,060	\$2,724
50-54	\$4,548	\$4,092	\$3,636
55-59	\$6,024	\$5,412	\$4,812
60+	\$7,800	\$7,020	\$6,240

AGE GROUP	ANNUAL PREMIUM		
	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,808	\$1,452	\$1,296
19-24	\$2,052	\$1,836	\$1,632
25-29	\$2,304	\$2,064	\$1,836
30-34	\$2,544	\$2,292	\$2,028
35-39	\$2,904	\$2,604	\$2,328
40-44	\$3,300	\$2,976	\$2,652
45-49	\$3,900	\$3,504	\$3,120
50-54	\$4,668	\$4,200	\$3,744
55-59	\$5,448	\$4,896	\$4,356
60+	\$6,408	\$5,772	\$5,136

Rate Table - Full Premium	
Average Annual Premium Rates	
Plan 1A - Male	\$4,178
Plan 1A - Female	\$4,391
Plan 1B - Male	\$3,008
Plan 1B - Female	\$3,162
Plan 2 - Male	\$3,194
Plan 2 - Female	\$3,356

Health Insurance Risk Sharing Plan (HIRSP)

D FY 2004 PREMIUM RATE SCHEDULE - PLAN 1A SUBSIDY RATES

rejection of Premium Rates and Budget, Appendix A, Pages 1 - 2, June 2, 2003 - As Approved by the HIRSP Board of Governors, May 19, 2003

PREMIUMS PAID BY POLICYHOLDERS WITH ANNUAL HOUSEHOLD INCOMES UNDER \$25,000 WHO ARE ELIGIBLE FOR PREMIUM SUBSIDY UNDER s. 149.165

PLAN 1A - SUBSIDY RATES
FY 2004 (JULY 1, 2003 - JUNE 30, 2004)

MAJOR MEDICAL PLAN (STANDARD PLAN)

(100% of Avg. Standard Risk Rate)

HOUSEHOLD INCOME = \$0 - \$9,999

AGE GROUP	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,596	\$1,440	\$1,284
19-24	\$1,596	\$1,440	\$1,284
25-29	\$1,888	\$1,500	\$1,332
30-34	\$1,884	\$1,704	\$1,512
35-39	\$2,196	\$1,960	\$1,764
40-44	\$2,616	\$2,352	\$2,088
45-49	\$3,372	\$3,036	\$2,700
50-54	\$4,512	\$4,056	\$3,612
55-59	\$5,976	\$5,376	\$4,776
60+	\$7,740	\$6,960	\$6,192

AGE GROUP	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,596	\$1,440	\$1,284
19-24	\$2,028	\$1,824	\$1,620
25-29	\$2,280	\$2,052	\$1,824
30-34	\$2,520	\$2,268	\$2,016
35-39	\$2,880	\$2,592	\$2,304
40-44	\$3,276	\$2,952	\$2,628
45-49	\$3,864	\$3,480	\$3,096
50-54	\$4,532	\$4,164	\$3,708
55-59	\$5,400	\$4,860	\$4,320
60+	\$6,360	\$5,724	\$5,088

(124.5% of Avg. Standard Risk Rate)

HOUSEHOLD INCOME = \$17,000 - \$19,999

AGE GROUP	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,987	\$1,793	\$1,599
19-24	\$1,987	\$1,793	\$1,599
25-29	\$2,077	\$1,868	\$1,658
30-34	\$2,346	\$2,121	\$1,882
35-39	\$2,754	\$2,465	\$2,196
40-44	\$3,257	\$2,928	\$2,600
45-49	\$4,198	\$3,780	\$3,362
50-54	\$5,617	\$5,050	\$4,497
55-59	\$7,440	\$6,693	\$5,946
60+	\$9,636	\$8,665	\$7,709

AGE GROUP	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,987	\$1,793	\$1,599
19-24	\$2,525	\$2,271	\$2,017
25-29	\$2,839	\$2,555	\$2,271
30-34	\$3,137	\$2,824	\$2,510
35-39	\$3,598	\$3,227	\$2,868
40-44	\$4,079	\$3,675	\$3,272
45-49	\$4,811	\$4,333	\$3,855
50-54	\$5,767	\$5,184	\$4,616
55-59	\$6,723	\$6,051	\$5,378
60+	\$7,918	\$7,126	\$6,335

(106.5% of Avg. Standard Risk Rate)

HOUSEHOLD INCOME = \$10,000 - \$12,999

AGE GROUP	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,700	\$1,534	\$1,367
19-24	\$1,700	\$1,534	\$1,367
25-29	\$1,776	\$1,598	\$1,419
30-34	\$2,008	\$1,815	\$1,610
35-39	\$2,339	\$2,109	\$1,879
40-44	\$2,786	\$2,505	\$2,224
45-49	\$3,591	\$3,233	\$2,876
50-54	\$4,805	\$4,320	\$3,847
55-59	\$6,364	\$5,725	\$5,086
60+	\$8,243	\$7,472	\$6,594

AGE GROUP	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,700	\$1,534	\$1,367
19-24	\$2,160	\$1,943	\$1,725
25-29	\$2,428	\$2,185	\$1,943
30-34	\$2,684	\$2,415	\$2,147
35-39	\$3,067	\$2,760	\$2,454
40-44	\$3,489	\$3,144	\$2,799
45-49	\$4,115	\$3,708	\$3,297
50-54	\$4,933	\$4,435	\$3,949
55-59	\$5,751	\$5,176	\$4,601
60+	\$6,773	\$6,096	\$5,419

(130% of Avg. Standard Risk Rate)

HOUSEHOLD INCOME = \$20,000 - \$24,999

AGE GROUP	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$2,075	\$1,872	\$1,669
19-24	\$2,075	\$1,872	\$1,669
25-29	\$2,168	\$1,950	\$1,732
30-34	\$2,448	\$2,215	\$1,966
35-39	\$2,855	\$2,574	\$2,293
40-44	\$3,401	\$3,058	\$2,714
45-49	\$4,384	\$3,947	\$3,510
50-54	\$5,866	\$5,273	\$4,696
55-59	\$7,769	\$6,989	\$6,209
60+	\$10,062	\$9,048	\$8,050

AGE GROUP	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$2,075	\$1,872	\$1,669
19-24	\$2,636	\$2,371	\$2,106
25-29	\$2,964	\$2,668	\$2,371
30-34	\$3,276	\$2,948	\$2,621
35-39	\$3,744	\$3,370	\$2,985
40-44	\$4,259	\$3,838	\$3,418
45-49	\$5,023	\$4,524	\$4,025
50-54	\$6,022	\$5,413	\$4,820
55-59	\$7,020	\$6,316	\$5,616
60+	\$8,268	\$7,441	\$6,614

(115.5% of Avg. Standard Risk Rate)

HOUSEHOLD INCOME = \$14,000 - \$16,999

AGE GROUP	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,963	\$1,771	\$1,579
19-24	\$1,963	\$1,771	\$1,579
25-29	\$2,052	\$1,845	\$1,638
30-34	\$2,317	\$2,086	\$1,860
35-39	\$2,701	\$2,436	\$2,170
40-44	\$3,218	\$2,893	\$2,568
45-49	\$4,148	\$3,735	\$3,321
50-54	\$5,550	\$4,989	\$4,443
55-59	\$7,351	\$6,613	\$5,875
60+	\$9,521	\$8,561	\$7,617

AGE GROUP	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,963	\$1,771	\$1,579
19-24	\$2,495	\$2,244	\$1,993
25-29	\$2,805	\$2,524	\$2,244
30-34	\$3,100	\$2,790	\$2,480
35-39	\$3,543	\$3,188	\$2,834
40-44	\$4,030	\$3,631	\$3,233
45-49	\$4,763	\$4,281	\$3,808
50-54	\$5,698	\$5,122	\$4,561
55-59	\$6,842	\$6,278	\$5,314
60+	\$7,823	\$7,041	\$6,259

Rate Table - Plan 1A - Subsidy	
Average Annual Subsidy Premium Rates	
Household Income = \$0 - \$9,999	
Male	\$2,985
Female	\$3,136
Household Income = \$10,000 - \$13,999	
Male	\$3,179
Female	\$3,340
Household Income = \$14,000 - \$16,999	
Male	\$3,672
Female	\$3,858
Household Income = \$17,000 - \$19,999	
Male	\$3,716
Female	\$3,904
Household Income = \$20,000 - \$24,999	
Male	\$3,880
Female	\$4,077

REVISED FY 2004 PREMIUM RATE SCHEDULE - PLAN 2 - SUBSIDY RATES

Based on Milliman USA, Projection of Premium Rates and Budget, Appendix A, Pages 1 - 2, June 2, 2003 - As Approved by the HIRSP Board of Governors, May 19, 2003

PREMIUMS PAID BY POLICYHOLDERS WITH ANNUAL HOUSEHOLD INCOMES UNDER \$25,000 WHO ARE ELIGIBLE FOR PREMIUM SUBSIDY UNDER s. 149.165

PLAN 2 - SUBSIDY RATES
FY 2004 (JULY 1, 2003 - JUNE 30, 2004)

MEDICARE SUPPLEMENT PLAN

(Plan 2 Subsidy Base Rate)
(76.5% of Avg. Stnd. Risk Rate)

HOUSEHOLD INCOME = \$0 - \$9,999

AGE GROUP	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,224	\$1,104	\$984
19-24	\$1,224	\$1,104	\$984
25-29	\$1,272	\$1,152	\$1,020
30-34	\$1,440	\$1,308	\$1,152
35-39	\$1,680	\$1,512	\$1,344
40-44	\$2,004	\$1,800	\$1,596
45-49	\$2,580	\$2,316	\$2,064
50-54	\$3,444	\$3,096	\$2,760
55-59	\$4,572	\$4,104	\$3,648
60+	\$5,916	\$5,316	\$4,728

(124.5% of Plan 2 Subsidy Base)
(95.2% of Avg. Standard Risk Rate)

HOUSEHOLD INCOME = \$17,000 - \$19,999

AGE GROUP	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,524	\$1,374	\$1,225
19-24	\$1,524	\$1,374	\$1,225
25-29	\$1,584	\$1,434	\$1,270
30-34	\$1,783	\$1,628	\$1,434
35-39	\$2,082	\$1,882	\$1,673
40-44	\$2,485	\$2,241	\$1,987
45-49	\$3,212	\$2,883	\$2,570
50-54	\$4,288	\$3,855	\$3,436
55-59	\$5,692	\$5,109	\$4,542
60+	\$7,365	\$6,618	\$5,886

AGE GROUP	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,224	\$1,104	\$984
19-24	\$1,548	\$1,392	\$1,236
25-29	\$1,740	\$1,572	\$1,392
30-34	\$1,932	\$1,728	\$1,536
35-39	\$2,196	\$1,980	\$1,764
40-44	\$2,508	\$2,256	\$2,004
45-49	\$2,952	\$2,664	\$2,364
50-54	\$3,540	\$3,180	\$2,832
55-59	\$4,128	\$3,720	\$3,300
60+	\$4,860	\$4,380	\$3,888

AGE GROUP	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,524	\$1,374	\$1,225
19-24	\$1,927	\$1,733	\$1,539
25-29	\$2,166	\$1,957	\$1,733
30-34	\$2,405	\$2,181	\$1,912
35-39	\$2,734	\$2,465	\$2,196
40-44	\$3,122	\$2,809	\$2,495
45-49	\$3,675	\$3,317	\$2,943
50-54	\$4,407	\$3,959	\$3,526
55-59	\$5,139	\$4,631	\$4,108
60+	\$6,051	\$5,453	\$4,841

(106.5% of Plan 2 Subsidy Base)
(81.4% of Avg. Standard Risk Rate)

HOUSEHOLD INCOME = \$10,000 - \$12,999

AGE GROUP	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,304	\$1,176	\$1,048
19-24	\$1,304	\$1,176	\$1,048
25-29	\$1,355	\$1,227	\$1,086
30-34	\$1,534	\$1,383	\$1,227
35-39	\$1,789	\$1,610	\$1,431
40-44	\$2,134	\$1,917	\$1,700
45-49	\$2,748	\$2,487	\$2,198
50-54	\$3,668	\$3,297	\$2,939
55-59	\$4,869	\$4,371	\$3,885
60+	\$6,301	\$5,662	\$5,035

(130% of Plan 2 Subsidy Base)
(99.4% of Avg. Standard Risk Rate)

HOUSEHOLD INCOME = \$20,000 - \$24,999

AGE GROUP	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,591	\$1,435	\$1,279
19-24	\$1,591	\$1,435	\$1,279
25-29	\$1,654	\$1,498	\$1,326
30-34	\$1,872	\$1,700	\$1,498
35-39	\$2,184	\$1,966	\$1,747
40-44	\$2,605	\$2,340	\$2,075
45-49	\$3,354	\$3,011	\$2,683
50-54	\$4,477	\$4,025	\$3,588
55-59	\$5,944	\$5,335	\$4,742
60+	\$7,691	\$6,911	\$6,146

AGE GROUP	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,304	\$1,176	\$1,048
19-24	\$1,649	\$1,482	\$1,316
25-29	\$1,853	\$1,674	\$1,482
30-34	\$2,058	\$1,840	\$1,636
35-39	\$2,339	\$2,109	\$1,879
40-44	\$2,671	\$2,403	\$2,134
45-49	\$3,144	\$2,837	\$2,518
50-54	\$3,770	\$3,387	\$3,016
55-59	\$4,396	\$3,962	\$3,515
60+	\$5,176	\$4,665	\$4,141

AGE GROUP	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,591	\$1,435	\$1,279
19-24	\$2,012	\$1,810	\$1,607
25-29	\$2,282	\$2,044	\$1,810
30-34	\$2,512	\$2,246	\$1,997
35-39	\$2,865	\$2,574	\$2,293
40-44	\$3,260	\$2,933	\$2,605
45-49	\$3,838	\$3,463	\$3,073
50-54	\$4,602	\$4,134	\$3,682
55-59	\$5,366	\$4,836	\$4,290
60+	\$6,318	\$5,694	\$5,054

(115.5% of Plan 2 Subsidy Base)
(88.3% of Avg. Standard Risk Rate)

HOUSEHOLD INCOME = \$14,000 - \$16,999

AGE GROUP	MALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,414	\$1,275	\$1,137
19-24	\$1,414	\$1,275	\$1,137
25-29	\$1,489	\$1,331	\$1,178
30-34	\$1,663	\$1,511	\$1,331
35-39	\$1,940	\$1,746	\$1,552
40-44	\$2,315	\$2,079	\$1,843
45-49	\$2,980	\$2,675	\$2,384
50-54	\$3,978	\$3,576	\$3,188
55-59	\$5,281	\$4,740	\$4,213
60+	\$6,833	\$6,140	\$5,461

Rate Table - Plan 2 - Subsidy		Average Annual Subsidy Premium Rates
Household Income = \$0 - \$9,999		
Male		\$2,282
Female		\$2,397
Household Income = \$10,000 - \$13,999		
Male		\$2,430
Female		\$2,553
Household Income = \$14,000 - \$16,999		
Male		\$2,635
Female		\$2,768
Household Income = \$17,000 - \$19,999		
Male		\$2,841
Female		\$2,984
Household Income = \$20,000 - \$24,999		
Male		\$2,966
Female		\$3,116

AGE GROUP	FEMALES		
	ZONE 1	ZONE 2	ZONE 3
	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003	EFFECTIVE JUL.01.2003
0-18	\$1,414	\$1,275	\$1,137
19-24	\$1,786	\$1,608	\$1,428
25-29	\$2,010	\$1,816	\$1,608
30-34	\$2,231	\$1,996	\$1,774
35-39	\$2,536	\$2,287	\$2,037
40-44	\$2,887	\$2,606	\$2,315
45-49	\$3,410	\$3,077	\$2,730
50-54	\$4,089	\$3,673	\$3,271
55-59	\$4,768	\$4,297	\$3,812
60+	\$5,613	\$5,059	\$4,491

1-15-01

~~HRBP mtg~~

Pharmaceuticals

Tom Marx

- no agreement to contribute to HRBP.
- Considering if there is a level contribution they are willing to agree to. So far, no.
- quest. about ability to provide discount given agreement with the ABM.
- Don't count on us to agree to any contribution in the bill.
- Not to say each individual pharm co. may not be willing. Can't speak for industry as a whole.
- Gregg: clear pharmaceutical ind. - doesn't feel threat.

~~over money~~

Clear - of a
more threat will
need to
BI
pursued

Suggestion by Gorman w/ Tom:

- Remove some AIDS members to other available programs.

Discussion on Bill

- mechanism - how much + through what medium to get \$ from pharm. co.'s.
- Suggestion: impose rebate in bill (rather than assessment currently in bill).
- Gregg: wants to move forward w/ most aggressive approach to bring pharm. to table.

Quest

- Can you req. pharm co.'s that part. in Sen + Budget Care to participate in HRSP.

- Mark Mundy - CMS takes unfavorably @ this. Don't want drug co.'s to pull out of the plans due to the linkage.

CMS would have to review this as a state plan.

- Grogg: need to find most diff. proposal for drug co.'s to swallow (Cagan - bring them to table).

● Deadline Feb 17th Assembly Hearing

- Nancy - doesn't agree w/ most members - should have a plan that people can look @ and say - this works - good plan.

Options - Mundy will take back to Gov.

- Non participants - get assessed (drug co.'s)

- Change of formulary

- assessments in the bill

- 20% rate adjustment in order to participate

→ so 20% of drug costs - the drug co.'s contribution.

(discount ~~rebate~~)

Maybe too high - go for 15%

Chosen: Assessment - go after \$9 million (today's dollars - as
drug costs \leftarrow go up ~~at~~ will get more),

Another way to look @ it ~~is~~, $\$18\%$ of ingredients costs.

Pro rated when looking at each drug co.

earliest
sch 2212.
administration.

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FOX RIVER PAPER CO. LLC

April 21, 2004

Sen. Carol Roessler
18th Senate District
Room 8 South
State Capitol
PO Box 7882
Madison, WI 53707-7882

APR 22 2004



Dear Sen. Roessler:

Fox River Paper Company is one of the nation's leading manufacturers of premium writing, text and cover papers. Our reputation for product excellence, value and innovation is driven by a commitment to meet the evolving needs of our customers. As the Corporate Benefits Manager, I manage all group insurance, pension, and other benefit programs for both salaried and hourly employees in the company.

On behalf of my company and our employees, I strongly encourage you oppose any attempt to tax employers who self-fund health benefits. Continued double-digit medical cost inflation already makes it difficult for us to continue to fund health care while trying to maintain our marketplace competitiveness, without any newly added tax burden.

It is my understanding that some state legislators and high-ranking state officials are considering the possibility of broadening the base of funding for the state's Health Insurance Risk Sharing Plan (HIRSP). The proposal uses an assessment formula that applies to stop loss carriers based on covered lives. Both the concept and the formula is bad for Wisconsin business.

The formula for the assessment on stop loss carriers results in the shift of a disproportionate share of the cost to stop loss carriers and, ultimately, to employers. An assessment based on covered lives would raise the total cost of providing employees health benefits by 8 to 10 percent. This proposal is a significant tax increase on employers.

The cost of the HIRSP assessment on stop loss carriers would be passed along to employers who self-fund health plans. In effect, the assessment will shift a major burden for the funding of HIRSP from those in the business of health insurance to employers of this state who are in business for other reasons.

Unlike health insurance, stop loss does not provide coverage to individuals or pay service providers. It protects and indemnifies employers who sponsor self-funded group health plans, making it possible for employers to manage the financial risk of offering employee benefits. Typically, stop loss is triggered when group health plan costs exceed a specified dollar amount. The proposal reflects a basic misunderstanding of stop loss insurance by attempting to put it in the same category with health insurance.

I urge you to oppose any effort to include stop loss in the funding of HIRSP. Such a scheme would negatively impact health care availability in Wisconsin.

I would welcome the opportunity to have you come to our business and learn more about the challenges we face in providing health care benefits to our employees. Please do not hesitate to contact me at (920) 738-8822 to arrange a visit.

I look forward to hearing from you about this issue.

Sincerely,

Amy Vissers
Corporate Benefits Manager