2005 DRAFTING REQUEST

Bill

Received: **11/14/2005**

Received By: **pkahler**

Wanted: **Soon**

Identical to LRB:

For: **Dan Kapanke (608) 266-5490**

By/Representing: **Nancy Wenzel**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters: **jkreye**

Subject: **Insurance - health**
Tax, Business - credits

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Kapanke@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**
nwenzel@tds.net

Pre Topic:

No specific pre topic given

Topic:

HIRSP authority and other changes

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	pkahler 11/21/2005	lkunkel 11/22/2005		_____ _____			S&L
/1			rschluet 11/22/2005	_____ _____	sbasford 11/22/2005	lemery 11/22/2005	

FE Sent For:

<END>

2005 DRAFTING REQUEST

Bill

Received: **11/14/2005**

Received By: **pkahler**

Wanted: **Soon**

Identical to LRB:

For: **Dan Kapanke (608) 266-5490**

By/Representing: **Nancy Wenzel**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters: **jkreye**

Subject: **Insurance - health**
Tax, Business - credits

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Kapanke@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**
nwenzel@tds.net

Pre Topic:

No specific pre topic given

Topic:

HIRSP authority and other changes

per PJK

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	pkahler 11/21/2005	lkunkel 11/22/2005		_____ _____			S&L
/1			rschluet 11/22/2005	_____ _____	sbasford 11/22/2005		

FE Sent For:

<END>

2005 DRAFTING REQUEST

Bill

Received: **11/14/2005**

Received By: **pkahler**

Wanted: **Soon**

Identical to LRB:

For: **Dan Kapanke (608) 266-5490**

By/Representing: **Nancy Wenzel**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters: **jkreye**

Subject: **Insurance - health**
Tax, Business - credits

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Kapanke@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**
nwenzel@tds.net

Pre Topic:

No specific pre topic given

Topic:

HIRSP authority and other changes

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	pkahler	/1 lnk 11/23	11/23				

FE Sent For:

<END>

by Nancy Wenzel

draft a Senate companion bill

for Sen. Kapanke to

LRB-3798 (HIRSP +

HIRSP authority)

LRB
Wisconsin Legislative
Reference Bureau

State of Wisconsin
2005 – 2006 LEGISLATURE

4087/1

LRB–~~3798/2~~
PJK&JK:wlj/lk/kf:pg
stays

2005 BILL

Tues by 9:00 (no changes

ReCom

AN ACT ***to repeal*** 20.435 (4) (u), 20.435 (4) (v), 25.17 (1) (gf), 25.55 (intro.), 149.10 (2m), 149.10 (10), 149.12 (3) (c), 149.14 (3) (c) 2., 149.14 (4c), 149.14 (5) (d), 149.14 (5) (e), 149.14 (5m), 149.14 (6) (a), 149.14 (8), 149.142 (1) (b), 149.142 (2), 149.144, 149.145, 149.146 (2) (am), 149.146 (2) (b), 149.15, 149.16, 149.165 (4), 149.17 (2), 149.17 (4), 149.175, 149.20, 149.25 and 149.40; ***to renumber*** 149.14 (3) (p) and 149.14 (6) (b); ***to renumber and amend*** 25.55 (3), 25.55 (4), 149.12 (2) (f), 149.14 (4m), 149.142 (1) (a) and 149.146 (2) (a); ***to consolidate, renumber and amend*** 149.146 (1) (a) and (b); ***to amend*** 1.12 (1) (b), 13.172 (1), 13.62 (2), 13.94 (1) (b), 13.94 (1) (g), 13.95 (intro.), 16.002 (2), 16.004 (4), 16.004 (5), 16.004 (12) (a), 16.045 (1) (a), 16.15 (1) (ab), 16.41 (4), 16.417 (1) (a), 16.52 (7), 16.528 (1) (a), 16.53 (2), 16.54 (9) (a) 1., 16.70 (2), 16.72 (2) (e) (intro.), 16.72 (2) (f), 16.75 (1m), 16.75 (8) (a) 1., 16.75 (8) (a) 2., 16.75 (9), 16.765 (1), 16.765 (2), 16.765 (4), 16.765 (5), 16.765 (6), 16.765 (7) (intro.), 16.765 (7) (d), 16.765 (8), 16.85 (2), 16.865 (8), 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)

1 (a) 10., 76.67 (2), 77.92 (4), 101.055 (2) (a), 101.177 (1) (d), chapter 149 (title),
2 149.10 (intro.), 149.10 (2), 149.10 (2j) (a) 3., 149.10 (2t) (c), 149.10 (3), 149.10
3 (3e), 149.10 (7), 149.10 (8), 149.10 (9), 149.115, 149.12 (1) (intro.), 149.12 (1) (a),
4 149.12 (1m), 149.12 (3) (a), 149.13 (1), 149.13 (3) (a), 149.13 (3) (b), 149.13 (4),
5 149.14 (1) (a), 149.14 (2) (a), 149.14 (3) (intro.), 149.14 (3) (c) 3., 149.14 (3) (c)
6 3., 149.14 (3) (d), 149.14 (3) (e), 149.14 (3) (m), 149.14 (3) (o), 149.14 (4) (d),
7 149.14 (4) (m), 149.14 (5) (b), 149.14 (5) (c), 149.14 (7) (b), 149.14 (7) (c), 149.165
8 (1), 149.165 (2) (a) (intro.), 149.165 (2) (bc), 149.165 (3) (a), 149.165 (3) (b)
9 (intro.), 149.165 (3m), 149.17 (1), 149.18, 230.03 (3), 230.80 (4), 601.41 (1),
10 601.415 (12), 601.64 (1), 601.64 (3) (a), 601.64 (3) (c), 601.64 (4), 613.03 (4),
11 632.785 (title) and 895.65 (1) (c); ***to repeal and recreate*** 149.11, 149.14 (3) (b),
12 149.14 (3) (c) 1., 149.14 (4), 149.14 (5) and 149.143; and ***to create*** 13.94 (1) (dh),
13 20.145 (5), 71.07 (5g), 71.10 (4) (cp), 71.28 (5g), 71.30 (3) (dm), 71.47 (5g), 71.49
14 (1) (dm), 76.655, subchapter I (title) of chapter 149 [precedes 149.10], 149.10 (1),
15 149.105, subchapter II (title) of chapter 149 [precedes 149.11], 149.12 (2) (f) 2.,
16 149.12 (2) (g), 149.12 (4) and (5), 149.14 (3) (f), 149.141, subchapter III of
17 chapter 149 [precedes 149.40], subchapter IV of chapter 149 [precedes 149.60]
18 and 631.20 (2) (f) of the statutes; **relating to:** the Health Insurance
19 Risk–Sharing Plan; creating the Health Insurance Risk–Sharing Plan
20 Authority; a health benefit program for persons eligible for tax credits for

1 payment of premiums; an income and franchise tax credit for Health Insurance
2 Risk–Sharing Plan assessments; and making an appropriation.

Analysis by the Legislative Reference Bureau

Background of Health Insurance Risk–Sharing Plan

The Health Insurance Risk–Sharing Plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV), persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition, as well as persons (called "eligible individuals" in the statutes) who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage (called creditable coverage) for at least 18 months in the past. HIRSP is funded by premiums paid by covered persons, insurer assessments, and provider payment discounts, and is administered by the Department of Health and Family Services (DHFS), a board of governors, and a plan administrator.

Creation of Health Insurance Risk–Sharing Plan Authority

This bill creates the Health Insurance Risk–Sharing Plan Authority (HIRSP Authority) for the primary purpose of assuming the administration of HIRSP, beginning on July 1, 2006. An authority is a public body with a board of directors that is created by state law but that is not a state agency. The board of directors of the HIRSP Authority consists of the commissioner of insurance (commissioner), or the commissioner's designee, as a nonvoting member and 13 other members who are appointed by the governor, with the advice and consent of the senate, for three–year terms. These 13 members must include persons with coverage under HIRSP and representatives of insurers, health care providers, and small businesses. The board may appoint an executive director, who may not be a member of the board.

Because the HIRSP Authority is not a state agency, numerous laws that apply to state agencies do not apply to the HIRSP Authority. However, the HIRSP Authority is treated like a state agency in the following respects, among others: 1) it is generally subject to the open records and open meetings laws; 2) it is treated like a state agency for purposes of the law regulating lobbying; 3) its employees may not engage in political activities while engaged in official duties; 4) it must use a competitive bid or proposal process whenever contracting for professional services; and 5) the Code of Ethics for Public Officials and Employees covers the HIRSP Authority.

The HIRSP Authority is unlike a state agency in many other ways, including: 1) it approves its own budget without going through the state budgetary process; 2) its employees are not state employees, are not included in the state system of personnel management, may not participate in the system for state retirement benefits or health insurance coverage, and are hired outside the state hiring system; 3) it is not subject to statutory rule–making procedures, including requirements for

legislative review of proposed rules; and 4) although HIRSP is subject to an annual financial audit by the Legislative Audit Bureau, the HIRSP Authority is not subject to auditing by the Legislative Audit Bureau.

Unlike most other authorities under current law, the HIRSP Authority may not issue bonds. It pays the administrative and operating expenses of HIRSP, as under current law, through premiums paid by persons with coverage under HIRSP, insurer assessments, and provider payment discounts. The HIRSP Authority must annually submit a report to the legislature and to the governor on the operation of HIRSP.

Changes to the Health Insurance Risk–Sharing Plan

This bill makes a number of changes to HIRSP, including the following:

1. *Administration.* Under current law, HIRSP is administered by DHFS, a board of governors, and a plan administrator under contract with DHFS. Effective July 1, 2006, the bill eliminates the HIRSP board of governors and transfers administrative authority over HIRSP from DHFS to the HIRSP Authority and its board of directors. The bill requires DHFS to terminate its contract with the plan administrator, effective July 1, 2006, and requires the HIRSP Authority to enter into an identical contract with the same plan administrator with a beginning date of July 1, 2006, and an ending date that is the same as the ending date of the original contract between DHFS and the plan administrator. Because the bill authorizes the HIRSP Authority to enter into contracts for the administration of HIRSP, after the end of its contract with the current plan administrator, it may contract with the same or a different plan administrator, but must use a competitive request–for–proposals process to do so.

2. *Eligibility.* To be eligible for HIRSP, a person must be a state resident. The bill changes from 30 days to three months the length of time that a person must be domiciled in this state to be considered a state resident for purposes of HIRSP eligibility.

In general, a person who is eligible for Medical Assistance (MA) is not eligible for HIRSP. The bill provides that persons who are eligible for only certain limited services provided under MA, such as family planning services for low–income women and payment of Medicare premiums, deductibles, and coinsurance for persons eligible for Medicare who meet the income and resource limitations, are not ineligible for HIRSP coverage because of their eligibility for only those MA services. The bill provides, however, that HIRSP will not pay for services that are reimbursed under MA. The bill also specifically provides that persons who are eligible for certain listed programs or benefits, such as the Badger Care Health Care Program and Long–Term Support Community Options Program, are ineligible for HIRSP coverage.

Under current law, a person who is rejected for health insurance coverage by one or more insurers within nine months of applying for HIRSP coverage is eligible for HIRSP. The bill changes that requirement to two or more insurers.

The bill adds Medicare Part D, which is the prescription drug benefit under Medicare, to the definition of Medicare for purposes of HIRSP. Thus, a person who is eligible for HIRSP based on their coverage under Medicare because they are disabled would be eligible for HIRSP coverage if they had coverage under Medicare Part D. In addition, HIRSP does not pay for benefits that are paid for by Medicare,

so HIRSP would not pay for prescription drugs covered under the person's Medicare Part D coverage.

3. *Benefit design.* Benefits provided by HIRSP, as well as deductibles and out–of–pocket limits, are specified in the statutes. Except for eligible individuals, who are not subject to any preexisting condition exclusion, a condition that a person was diagnosed with or treated for within six months of obtaining coverage under HIRSP is excluded from coverage for the first six months. Current law authorizes DHFS to establish copayments and out–of–pocket limits for prescription drug coverage. The bill retains all current law benefits, deductibles, copayments, out–of–pocket limits, and the preexisting condition exclusion through December 31, 2006. Beginning on January 1, 2007, benefits are modified somewhat, mostly by limiting the extent of certain benefits to the extent that commercial insurers are required to provide under the statutes known as health insurance mandates, and coverage for the services of a home health agency, to the extent required by the health insurance mandate, is added. No benefits are eliminated. Also beginning on that date, the HIRSP Authority is authorized to establish deductibles, copayments, coinsurance, limitations, and, except for eligible individuals, exclusions that are not specified in the statutes, and to develop additional benefit designs that are responsive to market conditions. The Office of the Commissioner of Insurance (OCI) may disapprove any policy developed by the HIRSP Authority if the benefit design is not comparable to a typical comprehensive individual health insurance policy in the private market, the benefit levels do not generally reflect comprehensive individual health insurance in the private market, or the deductibles, copayments, or coinsurance are not actuarially equivalent to comprehensive individual health insurance in the private market or would create undue financial hardship.

4. *Payment of plan costs.* Current law sets out a complex formula for payment of the administrative and operating expenses of HIRSP. In general, premiums must be set at a rate that pays for 60 percent of costs and may not exceed 200 percent of the rate a standard risk would be charged for the same coverage and deductibles. Insurer assessments and provider payment discounts must each pay for half of the remaining 40 percent of costs. The bill eliminates the formula but retains the requirements that premiums must be set at a rate to pay for 60 percent of costs, excluding premium, deductible, and copayment subsidy costs (subsidy costs), and may not exceed 200 percent of rates applicable to standard risks, that insurer assessments must be set at an amount to cover 20 percent of costs, excluding subsidy costs, and that provider payment discounts must be set at a rate to cover 20 percent of costs, excluding subsidy costs. Subsidy costs are to be paid first from any federal high risk pool grant funds that are received by OCI, and the remainder of subsidy costs are paid equally through insurer assessments and provider payment discounts. If federal high risk pool grant funds received in a year exceed subsidy costs in that year, the excess federal funds must be used to pay the administrative and operating costs before premiums, insurer assessments, and provider discounts are applied to the costs.

5. *Subsidies.* Under current law, generally, persons with coverage under HIRSP who have household incomes below $25,000 receive premium and deductible

subsidies and may receive prescription drug copayment subsidies. For a person who is eligible for a subsidy, the statutes set out, on the basis of the person's household income category, the specific deductible amount that the person must pay and the premium rate that the person must pay as a percentage of the rate that a standard risk would be charged for the same coverage and deductibles. The bill retains the subsidies and makes no changes to the categories of persons who are eligible for subsidies and no changes to the standard risk rates that are the basis for premium reductions. Beginning on January 1, 2007, however, the specific reduced deductible amounts are eliminated and the HIRSP Authority is directed to establish and provide deductible subsidies for those persons paying reduced deductibles under current law and is authorized to provide prescription drug copayment subsidies for those same persons.

Health Care Tax Credit Program

The federal Trade Adjustment Assistance Reform Act of 2002 (TAA) provides, among other benefits related to employment, a federal income tax credit for up to 65 percent of the amount of the premium paid by eligible persons for coverage for themselves and their dependents under qualified health insurance. Eligible persons are those who are eligible for TAA employment–related benefits because they have lost their jobs or experienced reduced work hours and wages because of increased imports and those who are at least 55 years of age and receiving benefits from the Pension Benefit Guaranty Corporation. The bill requires the HIRSP Authority to design and administer, as long as the federal income tax credit is available, a plan of health care coverage that satisfies the requirements for qualified health insurance for coverage of persons who are eligible for the tax credit.

Assessment Credits

The bill creates an income and franchise tax credit and a license fee credit for insurers that pay assessments to OCI. The amount of the credit is equal to a percentage of the amount of the assessment that the insurer paid in the calendar year in which the insurer's taxable year begins. The Department of Revenue and OCI determine the percentage of the amount that each insurer may claim in each taxable year so that the total amount of the credits awarded to all insurers in each fiscal year is approximately $5,000,000. Although the credits apply to taxable years beginning after December 31, 2005, the credits awarded for the 2006 and 2007 taxable years may not be claimed until taxable years beginning after December 31, 2007.

For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 1.12 (1) (b) of the statutes is amended to read:

1.12 **(1)** (b) "State agency" means an office, department, agency, institution of higher education, the legislature, a legislative service agency, the courts, a judicial branch agency, an association, society, or other body in state government ~~which~~ that is created or authorized to be created by the constitution or by law, for which appropriations are made by law, excluding the Health Insurance Risk–Sharing Plan Authority.

SECTION 2. 13.172 (1) of the statutes is amended to read:

13.172 **(1)** In this section, "agency" means an office, department, agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law, ~~which~~ that is entitled to expend moneys appropriated by law, including the legislature and the courts, and any authority created in subch. III of ch. 149 or in ch. 231, 233, or 234.

SECTION 3. 13.62 (2) of the statutes is amended to read:

13.62 **(2)** "Agency" means any board, commission, department, office, society, institution of higher education, council, or committee in the state government, or any authority created in subch. III of ch. 149 or in ch. 231, 232, 233, 234, or 237, except that the term does not include a council or committee of the legislature.

SECTION 4. 13.94 (1) (b) of the statutes is amended to read:

13.94 **(1)** (b) Audit the records of every state department, board, commission, independent agency, or authority, excluding the Health Insurance Risk–Sharing Plan Authority, at least once each 5 years and audit the records of other departments as defined in sub. (4) when the state auditor deems it advisable or when he or she is so directed and, in conjunction therewith, reconcile the records of the department audited with those of the department of administration. Audits of the records of a county, city, village, town, or school district may be performed only as provided in par.

(m). Within 30 days after completion of any such audit, the bureau shall file with the chief clerk of each house of the legislature, the governor, the department of administration, the legislative reference bureau, the joint committee on finance, the legislative fiscal bureau, and the department audited, a detailed report thereof, including its recommendations for improvement and efficiency and including specific instances, if any, of illegal or improper expenditures. The chief clerks shall distribute the report to the joint legislative audit committee, the appropriate standing committees of the legislature, and the joint committee on legislative organization.

SECTION 5. 13.94 (1) (dh) of the statutes is created to read:

13.94 **(1)** (dh) Notwithstanding par. (b), annually conduct a financial audit of the Health Insurance Risk–Sharing Plan under subch. II of ch. 149 and file copies of each audit report under this paragraph with the distributees specified in par. (b).

SECTION 6. 13.94 (1) (g) of the statutes is amended to read:

13.94 **(1)** (g) Require each state department, board, commission, independent agency, or authority, excluding the Health Insurance Risk–Sharing Plan Authority, to file with the bureau on or before September 1 of each year a report on all receivables due the state as of the preceding June 30 which were occasioned by activities of the reporting unit. The report may also be required of other departments, except counties, cities, villages, towns, and school districts. The report shall show the aggregate amount of such receivables according to fiscal year of origin and collections thereon during the fiscal year preceding the report. The state auditor may require any department to file with the bureau a detailed list of the receivables comprising the aggregate amounts shown on the reports prescribed by this paragraph.

1 **SECTION 7.** 13.95 (intro.) of the statutes, as affected by 2005 Wisconsin Act 25,
2 is amended to read:

3 **13.95 Legislative fiscal bureau.** (intro.) There is created a bureau to be
4 known as the "Legislative Fiscal Bureau" headed by a director. The fiscal bureau
5 shall be strictly nonpartisan and shall at all times observe the confidential nature
6 of the research requests received by it; however, with the prior approval of the
7 requester in each instance, the bureau may duplicate the results of its research for
8 distribution. Subject to s. 230.35 (4) (a) and (f), the director or the director's
9 designated employees shall at all times, with or without notice, have access to all
10 state agencies, the University of Wisconsin Hospitals and Clinics Authority, the
11 Health Insurance Risk–Sharing Plan Authority, and the Fox River Navigational
12 System Authority, and to any books, records, or other documents maintained by such
13 agencies or authorities and relating to their expenditures, revenues, operations, and
14 structure.

15 **SECTION 8.** 16.002 (2) of the statutes is amended to read:

16 16.002 **(2)** "Departments" means constitutional offices, departments, and
17 independent agencies and includes all societies, associations, and other agencies of
18 state government for which appropriations are made by law, but not including
19 authorities created in subch. III of ch. 149 and in chs. 231, 232, 233, 234, 235, and
20 237.

21 **SECTION 9.** 16.004 (4) of the statutes is amended to read:

22 16.004 **(4)** FREEDOM OF ACCESS. The secretary and such employees of the
23 department as the secretary designates may enter into the offices of state agencies
24 and authorities created under subch. III of ch. 149 and under chs. 231, 233, 234, and
25 237, and may examine their books and accounts and any other matter ~~which~~ that in

the secretary's judgment should be examined and may interrogate the agency's employees publicly or privately relative thereto.

SECTION 10. 16.004 (5) of the statutes is amended to read:

16.004 **(5)** AGENCIES AND EMPLOYEES TO COOPERATE. All state agencies and authorities created under subch. III of ch. 149 and under chs. 231, 233, 234, and 237, and their officers and employees, shall cooperate with the secretary and shall comply with every request of the secretary relating to his or her functions.

SECTION 11. 16.004 (12) (a) of the statutes is amended to read:

16.004 **(12)** (a) In this subsection, "state agency" means an association, authority, board, department, commission, independent agency, institution, office, society, or other body in state government created or authorized to be created by the constitution or any law, including the legislature, the office of the governor, and the courts, but excluding the University of Wisconsin Hospitals and Clinics Authority, the Health Insurance Risk–Sharing Plan Authority, and the Fox River Navigational System Authority.

SECTION 12. 16.045 (1) (a) of the statutes is amended to read:

16.045 **(1)** (a) "Agency" means an office, department, independent agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law, ~~which~~ that is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority created in subch. III of ch. 149 or in ch. 231, 232, 233, 234, 235, or 237.

SECTION 13. 16.15 (1) (ab) of the statutes is amended to read:

16.15 **(1)** (ab) "Authority" has the meaning given under s. 16.70 (2), but excludes the University of Wisconsin Hospitals and Clinics Authority and the Health Insurance Risk–Sharing Plan Authority.

SECTION 14. 16.41 (4) of the statutes is amended to read:

16.41 **(4)** In this section, "authority" means a body created under subch. III of ch. 149 or under ch. 231, 233, 234, or 237.

SECTION 15. 16.417 (1) (a) of the statutes is amended to read:

16.417 **(1)** (a) "Agency" means an office, department, independent agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law, ~~which~~ that is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority or the body created under subch. III of ch. 149.

SECTION 16. 16.52 (7) of the statutes is amended to read:

16.52 **(7)** PETTY CASH ACCOUNT. With the approval of the secretary, each agency ~~which~~ that is authorized to maintain a contingent fund under s. 20.920 may establish a petty cash account from its contingent fund. The procedure for operation and maintenance of petty cash accounts and the character of expenditures therefrom shall be prescribed by the secretary. In this subsection, "agency" means an office, department, independent agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law, ~~which~~ that is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority created in subch. III of ch. 149 or in ch. 231, 233, 234, or 237.

SECTION 17. 16.528 (1) (a) of the statutes is amended to read:

16.528 **(1)** (a) "Agency" means an office, department, independent agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law, ~~which~~ that is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority created in subch. III of ch. 149 or in ch. 231, 233, 234, or 237.

SECTION 18. 16.53 (2) of the statutes is amended to read:

16.53 **(2)** IMPROPER INVOICES. If an agency receives an improperly completed invoice, the agency shall notify the sender of the invoice within 10 working days after it receives the invoice of the reason it is improperly completed. In this subsection, "agency" means an office, department, independent agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law, ~~which~~ that is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority created in subch. III of ch. 149 or in ch. 231, 233, 234, or 237.

SECTION 19. 16.54 (9) (a) 1. of the statutes is amended to read:

16.54 **(9)** (a) 1. "Agency" means an office, department, independent agency, institution of higher education, association, society or other body in state government created or authorized to be created by the constitution or any law, which is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority created in subch. III of ch. 149 or in ch. 231, 233, 234, or 237.

SECTION 20. 16.70 (2) of the statutes is amended to read:

16.70 **(2)** "Authority" means a body created under subch. III of ch. 149 or under ch. 231, 232, 233, 234, 235, or 237.

1 **SECTION 21.** 16.72 (2) (e) (intro.) of the statutes is amended to read:

2 16.72 **(2)** (e) (intro.) In writing the specifications under this subsection, the
3 department and any other designated purchasing agent under s. 16.71 (1) shall
4 incorporate requirements for the purchase of products made from recycled materials
5 and recovered materials if their use is technically and economically feasible. Each
6 authority other than the University of Wisconsin Hospitals and Clinics Authority
7 and the Health Insurance Risk–Sharing Plan Authority, in writing specifications for
8 purchasing by the authority, shall incorporate requirements for the purchase of
9 products made from recycled materials and recovered materials if their use is
10 technically and economically feasible. The specifications shall include requirements
11 for the purchase of the following materials:

12 **SECTION 22.** 16.72 (2) (f) of the statutes is amended to read:

13 16.72 **(2)** (f) In writing specifications under this subsection, the department,
14 any other designated purchasing agent under s. 16.71 (1), and each authority other
15 than the University of Wisconsin Hospitals and Clinics Authority and the Health
16 Insurance Risk–Sharing Plan Authority shall incorporate requirements relating to
17 the recyclability and ultimate disposition of products and, wherever possible, shall
18 write the specifications so as to minimize the amount of solid waste generated by the
19 state, consistent with the priorities established under s. 287.05 (12). All
20 specifications under this subsection shall discourage the purchase of single–use,
21 disposable products and require, whenever practical, the purchase of multiple–use,
22 durable products.

23 **SECTION 23.** 16.75 (1m) of the statutes is amended to read:

24 16.75 **(1m)** The department shall award each order or contract for materials,
25 supplies or equipment on the basis of life cycle cost estimates, whenever such action

is appropriate. Each authority other than the University of Wisconsin Hospitals and Clinics Authority and the Health Insurance Risk–Sharing Plan Authority shall award each order or contract for materials, supplies or equipment on the basis of life cycle cost estimates, whenever such action is appropriate. The terms, conditions and evaluation criteria to be applied shall be incorporated in the solicitation of bids or proposals. The life cycle cost formula may include, but is not limited to, the applicable costs of energy efficiency, acquisition and conversion, money, transportation, warehousing and distribution, training, operation and maintenance and disposition or resale. The department shall prepare documents containing technical guidance for the development and use of life cycle cost estimates, and shall make the documents available to local governmental units.

SECTION 24. 16.75 (8) (a) 1. of the statutes is amended to read:

16.75 **(8)** (a) 1. The department, any other designated purchasing agent under s. 16.71 (1), any agency making purchases under s. 16.74, and each authority other than the University of Wisconsin Hospitals and Clinics Authority and the Health Insurance Risk–Sharing Plan Authority shall, to the extent practicable, make purchasing selections using specifications developed under s. 16.72 (2) (e) to maximize the purchase of materials utilizing recycled materials and recovered materials.

SECTION 25. 16.75 (8) (a) 2. of the statutes is amended to read:

16.75 **(8)** (a) 2. Each agency and authority other than the University of Wisconsin Hospitals and Clinics Authority and the Health Insurance Risk–Sharing Plan Authority shall ensure that the average recycled or recovered content of all paper purchased by the agency or authority measured as a proportion, by weight, of

1 the fiber content of paper products purchased in a fiscal year, is not less than 40%
2 of all purchased paper.

3 **SECTION 26.** 16.75 (9) of the statutes is amended to read:

4 16.75 **(9)** The department, any other designated purchasing agent under s.
5 16.71 (1), any agency making purchases under s. 16.74, and any authority other than
6 the University of Wisconsin Hospitals and Clinics Authority and the Health
7 Insurance Risk–Sharing Plan Authority shall, to the extent practicable, make
8 purchasing selections using specifications prepared under s. 16.72 (2) (f).

9 **SECTION 27.** 16.765 (1) of the statutes is amended to read:

10 16.765 **(1)** Contracting agencies, the University of Wisconsin Hospitals and
11 Clinics Authority, the Fox River Navigational System Authority, the Health
12 Insurance Risk–Sharing Plan Authority, and the Bradley Center Sports and
13 Entertainment Corporation shall include in all contracts executed by them a
14 provision obligating the contractor not to discriminate against any employee or
15 applicant for employment because of age, race, religion, color, handicap, sex, physical
16 condition, developmental disability as defined in s. 51.01 (5), sexual orientation as
17 defined in s. 111.32 (13m), or national origin and, except with respect to sexual
18 orientation, obligating the contractor to take affirmative action to ensure equal
19 employment opportunities.

20 **SECTION 28.** 16.765 (2) of the statutes is amended to read:

21 16.765 **(2)** Contracting agencies, the University of Wisconsin Hospitals and
22 Clinics Authority, the Fox River Navigational System Authority, the Health
23 Insurance Risk–Sharing Plan Authority, and the Bradley Center Sports and
24 Entertainment Corporation shall include the following provision in every contract
25 executed by them: "In connection with the performance of work under this contract,

1 the contractor agrees not to discriminate against any employee or applicant for
2 employment because of age, race, religion, color, handicap, sex, physical condition,
3 developmental disability as defined in s. 51.01 (5), sexual orientation or national
4 origin. This provision shall include, but not be limited to, the following: employment,
5 upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or
6 termination; rates of pay or other forms of compensation; and selection for training,
7 including apprenticeship. Except with respect to sexual orientation, the contractor
8 further agrees to take affirmative action to ensure equal employment opportunities.
9 The contractor agrees to post in conspicuous places, available for employees and
10 applicants for employment, notices to be provided by the contracting officer setting
11 forth the provisions of the nondiscrimination clause".

12 **SECTION 29.** 16.765 (4) of the statutes is amended to read:

13 16.765 **(4)** Contracting agencies, the University of Wisconsin Hospitals and
14 Clinics Authority, the Fox River Navigational System Authority, <u>the Health</u>
15 <u>Insurance Risk–Sharing Plan Authority,</u> and the Bradley Center Sports and
16 Entertainment Corporation shall take appropriate action to revise the standard
17 government contract forms under this section.

18 **SECTION 30.** 16.765 (5) of the statutes is amended to read:

19 16.765 **(5)** The head of each contracting agency and the boards of directors of
20 the University of Wisconsin Hospitals and Clinics Authority, the Fox River
21 Navigational System Authority, <u>the Health Insurance Risk–Sharing Plan Authority,</u>
22 and the Bradley Center Sports and Entertainment Corporation shall be primarily
23 responsible for obtaining compliance by any contractor with the nondiscrimination
24 and affirmative action provisions prescribed by this section, according to procedures
25 recommended by the department. The department shall make recommendations to

1 the contracting agencies and the boards of directors of the University of Wisconsin
2 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the
3 Health Insurance Risk–Sharing Plan Authority, and the Bradley Center Sports and
4 Entertainment Corporation for improving and making more effective the
5 nondiscrimination and affirmative action provisions of contracts. The department
6 shall promulgate such rules as may be necessary for the performance of its functions
7 under this section.

8 **SECTION 31.** 16.765 (6) of the statutes is amended to read:

9 16.765 **(6)** The department may receive complaints of alleged violations of the
10 nondiscrimination provisions of such contracts. The department shall investigate
11 and determine whether a violation of this section has occurred. The department may
12 delegate this authority to the contracting agency, the University of Wisconsin
13 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the
14 Health Insurance Risk–Sharing Plan Authority, or the Bradley Center Sports and
15 Entertainment Corporation for processing in accordance with the department's
16 procedures.

17 **SECTION 32.** 16.765 (7) (intro.) of the statutes is amended to read:

18 16.765 **(7)** (intro.) When a violation of this section has been determined by the
19 department, the contracting agency, the University of Wisconsin Hospitals and
20 Clinics Authority, the Fox River Navigational System Authority, the Health
21 Insurance Risk–Sharing Plan Authority, or the Bradley Center Sports and
22 Entertainment Corporation, the contracting agency, the University of Wisconsin
23 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the
24 Health Insurance Risk–Sharing Plan Authority, or the Bradley Center Sports and
25 Entertainment Corporation shall:

1 **SECTION 33.** 16.765 (7) (d) of the statutes is amended to read:

2 16.765 **(7)** (d) Direct the violating party to take immediate steps to prevent
3 further violations of this section and to report its corrective action to the contracting
4 agency, the University of Wisconsin Hospitals and Clinics Authority, the Fox River
5 Navigational System Authority, the Health Insurance Risk–Sharing Plan Authority,
6 or the Bradley ~~center sports and entertainment corporation~~ Center Sports and
7 Entertainment Corporation.

8 **SECTION 34.** 16.765 (8) of the statutes is amended to read:

9 16.765 **(8)** If further violations of this section are committed during the term
10 of the contract, the contracting agency, the Fox River Navigational System Authority,
11 the Health Insurance Risk–Sharing Plan Authority, or the Bradley Center Sports
12 and Entertainment Corporation may permit the violating party to complete the
13 contract, after complying with this section, but thereafter the contracting agency, the
14 Fox River Navigational System Authority, the Health Insurance Risk–Sharing Plan
15 Authority, or the Bradley Center Sports and Entertainment Corporation shall
16 request the department to place the name of the party on the ineligible list for state
17 contracts, or the contracting agency, the Fox River Navigational System Authority,
18 the Health Insurance Risk–Sharing Plan Authority, or the Bradley Center Sports
19 and Entertainment Corporation may terminate the contract without liability for the
20 uncompleted portion or any materials or services purchased or paid for by the
21 contracting party for use in completing the contract.

22 **SECTION 35.** 16.85 (2) of the statutes is amended to read:

23 16.85 **(2)** To furnish engineering, architectural, project management, and other
24 building construction services whenever requisitions therefor are presented to the
25 department by any agency. The department may deposit moneys received from the

provision of these services in the account under s. 20.505 (1) (kc) or in the general fund as general purpose revenue — earned. In this subsection, "agency" means an office, department, independent agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law, which is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority created in subch. III of ch. 149 or in ch. 231, 233, 234, or 237.

SECTION 36. 16.865 (8) of the statutes is amended to read:

16.865 **(8)** Annually in each fiscal year, allocate as a charge to each agency a proportionate share of the estimated costs attributable to programs administered by the agency to be paid from the appropriation under s. 20.505 (2) (k). The department may charge premiums to agencies to finance costs under this subsection and pay the costs from the appropriation on an actual basis. The department shall deposit all collections under this subsection in the appropriation account under s. 20.505 (2) (k). Costs assessed under this subsection may include judgments, investigative and adjustment fees, data processing and staff support costs, program administration costs, litigation costs, and the cost of insurance contracts under sub. (5). In this subsection, "agency" means an office, department, independent agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law, ~~which~~ that is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority created in subch. III of ch. 149 or in ch. 231, 232, 233, 234, 235, or 237.

SECTION 37. 20.145 (5) of the statutes is created to read:

1 20.145 **(5)** HEALTH INSURANCE RISK–SHARING PLAN. (g) *Insurer assessments.* All
2 moneys received in insurer assessments under s. 149.13, to be paid to the Health
3 Insurance Risk–Sharing Plan Authority under subch. III of ch. 149 for deposit in the
4 Health Insurance Risk–Sharing Plan fund under s. 149.11 (2).

5 (m) *Federal grants for high risk pool.* All moneys received from the federal
6 government in high risk pool grants, to be paid to the Health Insurance
7 Risk–Sharing Plan Authority under subch. III of ch. 149 for deposit in the Health
8 Insurance Risk–Sharing Plan fund under s. 149.11 (2).

9 **SECTION 38.** 20.435 (4) (u) of the statutes is repealed.

10 **SECTION 39.** 20.435 (4) (v) of the statutes is repealed.

11 **SECTION 40.** 25.17 (1) (gf) of the statutes is repealed.

12 **SECTION 41.** 25.55 (intro.) of the statutes is repealed.

13 **SECTION 42.** 25.55 (3) of the statutes is renumbered 149.11 (2) (a) 1. and
14 amended to read:

15 149.11 **(2)** (a) 1. Insurer assessments under ~~ch. 149~~ s. 149.13, paid to the
16 authority under s. 20.145 (5) (g).

17 **SECTION 43.** 25.55 (4) of the statutes is renumbered 149.11 (2) (a) 2. and
18 amended to read:

19 149.11 **(2)** (a) 2. Premiums paid by eligible persons ~~under ch. 149~~.

20 **SECTION 44.** 71.07 (5g) of the statutes is created to read:

21 71.07 **(5g)** HEALTH INSURANCE RISK–SHARING PLAN ASSESSMENTS CREDIT. (a)
22 *Definitions.* In this subsection, "claimant" means a partner, limited liability
23 company member, or tax–option corporation shareholder who files a claim under this
24 subsection and who is a partner, member, or shareholder of an entity that is an
25 insurer, as defined in s. 149.10 (5).

1 (b) *Filing claims.* Subject to the limitations provided under this subsection, for
2 taxable years beginning after December 31, 2005, a claimant may claim as a credit
3 against the taxes imposed under s. 71.02 an amount that is equal to a percentage of
4 the amount of the assessment under s. 149.13 that the claimant paid in the calendar
5 year in which the claimant's taxable year begins.

6 (c) *Limitations.* 1. The department of revenue, in consultation with the office
7 of the commissioner of insurance, shall determine the percentage under par. (b) for
8 each claimant for each taxable year so that the amount of the credit awarded to all
9 claimants under this subsection and ss. 71.28 (5g), 71.47 (5g), and 76.655 is as close
10 as practicable to $5,000,000 in each fiscal year.

11 2. Partnerships, limited liability companies, and tax–option corporations may
12 not claim the credit under this subsection, but the eligibility for, and the amount of,
13 the credit are based on their payment of amounts described under par. (b). A
14 partnership, limited liability company, or tax–option corporation shall compute the
15 amount of credit that each of its partners, members, or shareholders may claim and
16 shall provide that information to each of them. Partners, members of limited liability
17 companies, and shareholders of tax–option corporations may claim the credit in
18 proportion to their ownership interests.

19 3. The amount of any credits that a claimant is awarded under this subsection
20 for taxable years beginning after December 31, 2005, and before January 1, 2008,
21 may first be claimed against the tax imposed under this subchapter for taxable years
22 beginning after December 31, 2007, and in the manner determined by the
23 department of revenue.

24 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
25 s. 71.28 (4), applies to the credit under this subsection.

1 **SECTION 45.** 71.10 (4) (cp) of the statutes is created to read:

2 71.10 **(4)** (cp) Health Insurance Risk–Sharing Plan assessments credit under
3 s. 71.07 (5g).

4 **SECTION 46.** 71.21 (4) of the statutes is amended to read:

5 71.21 **(4)** Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
6 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), ~~and~~ (5b), and (5g) and passed
7 through to partners shall be added to the partnership's income.

8 **SECTION 47.** 71.26 (2) (a) of the statutes is amended to read:

9 71.26 **(2)** (a) *Corporations in general.* The "net income" of a corporation means
10 the gross income as computed under the Internal Revenue Code as modified under
11 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
12 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
13 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
14 under this paragraph at the time that the taxpayer first claimed the credit plus the
15 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
16 (1ds), (1dx), (3g), (3n), (3t), ~~and~~ (5b), (5g) and not passed through by a partnership,
17 limited liability company, or tax–option corporation that has added that amount to
18 the partnership's, limited liability company's, or tax–option corporation's income
19 under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or other
20 disposition of assets the gain from which would be wholly exempt income, as defined
21 in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and minus
22 deductions, as computed under the Internal Revenue Code as modified under sub.
23 (3), plus or minus, as appropriate, an amount equal to the difference between the
24 federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or

otherwise disposed of in a taxable transaction during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

SECTION 48. 71.28 (5g) of the statutes is created to read:

71.28 **(5g)** HEALTH INSURANCE RISK-SHARING PLAN ASSESSMENTS CREDIT. (a) *Definitions.* In this subsection, "claimant" means an insurer, as defined in s. 149.10 (5), who files a claim under this subsection.

(b) *Filing claims.* Subject to the limitations provided under this subsection, for taxable years beginning after December 31, 2005, a claimant may claim as a credit against the taxes imposed under s. 71.23 an amount that is equal to a percentage of the amount of assessment under s. 149.13 that the claimant paid in the calendar year in which the claimant's taxable year begins.

(c) *Limitations.* 1. The department of revenue, in consultation with the office of the commissioner of insurance, shall determine the percentage under par. (b) for each claimant for each taxable year so that the amount of the credit awarded to all claimants under this subsection and ss. 71.07 (5g), 71.47 (5g), and 76.655 is as close as practicable to $5,000,000 in each fiscal year.

2. Partnerships, limited liability companies, and tax–option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts described under par. (b). A partnership, limited liability company, or tax–option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax–option corporations may claim the credit in proportion to their ownership interests.

3. The amount of any credits that a claimant is awarded under this subsection for taxable years beginning after December 31, 2005, and before January 1, 2008, may first be claimed against the tax imposed under this subchapter for taxable years beginning after December 31, 2007, and in the manner determined by the department of revenue.

(d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.

SECTION 49. 71.30 (3) (dm) of the statutes is created to read:

71.30 **(3)** (dm) Health Insurance Risk–Sharing Plan assessments credit under s. 71.28 (5g).

SECTION 50. 71.34 (1) (g) of the statutes is amended to read:

71.34 **(1)** (g) An addition shall be made for credits computed by a tax–option corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g), (3n), (3t), ~~and~~ (5b), and (5g) and passed through to shareholders.

SECTION 51. 71.45 (2) (a) 10. of the statutes is amended to read:

71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dd) to (1dx), (3n), ~~and~~ (5b), and (5g) and not passed through by a partnership, limited liability company, or tax–option corporation that has added that amount to the partnership's, limited liability company's, or tax–option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

SECTION 52. 71.47 (5g) of the statutes is created to read:

71.47 **(5g)** HEALTH INSURANCE RISK–SHARING PLAN ASSESSMENTS CREDIT. (a) *Definitions.* In this subsection, "claimant" means an insurer, as defined in s. 149.10 (5), who files a claim under this subsection.

1 (b) *Filing claims.* Subject to the limitations provided under this subsection, for
2 taxable years beginning after December 31, 2005, a claimant may claim as a credit
3 against the taxes imposed under s. 71.43 an amount that is equal to a percentage of
4 the amount of assessment under s. 149.13 that the claimant paid in the calendar year
5 in which the claimant's taxable year begins.

6 (c) *Limitations.* 1. The department of revenue, in consultation with the office
7 of the commissioner of insurance, shall determine the percentage under par. (b) for
8 each claimant for each taxable year so that the amount of the credit awarded to all
9 claimants under this subsection and ss. 71.07 (5g), 71.28 (5g), and 76.655 is as close
10 as practicable to $5,000,000 in each fiscal year.

11 2. Partnerships, limited liability companies, and tax–option corporations may
12 not claim the credit under this subsection, but the eligibility for, and the amount of,
13 the credit are based on their payment of amounts described under par. (b). A
14 partnership, limited liability company, or tax–option corporation shall compute the
15 amount of credit that each of its partners, members, or shareholders may claim and
16 shall provide that information to each of them. Partners, members of limited liability
17 companies, and shareholders of tax–option corporations may claim the credit in
18 proportion to their ownership interests.

19 3. The amount of any credits that a claimant is awarded under this subsection
20 for taxable years beginning after December 31, 2005, and before January 1, 2008,
21 may first be claimed against the tax imposed under this subchapter for taxable years
22 beginning after December 31, 2007, and in the manner determined by the
23 department of revenue.

24 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
25 s. 71.28 (4), applies to the credit under this subsection.

1 **SECTION 53.** 71.49 (1) (dm) of the statutes is created to read:

2 71.49 **(1)** (dm) Health Insurance Risk–Sharing Plan assessments credit under
3 s. 71.47 (5g).

4 **SECTION 54.** 76.655 of the statutes is created to read:

5 **76.655 Health Insurance Risk–Sharing Plan assessments credit. (1)**
6 DEFINITIONS. In this section, "claimant" means an insurer, as defined in s. 149.10 (5),
7 who files a claim under this section.

8 **(2)** FILING CLAIMS. Subject to the limitations provided under this section, for
9 taxable years beginning after December 31, 2005, a claimant may claim as a credit
10 against the fees imposed under ss. 76.60, 76.63, 76.65, 76.66 or 76.67 an amount that
11 is equal to a percentage of the amount of assessment under s. 149.13 that the
12 claimant paid in the calendar year in which the claimant's taxable year begins.

13 **(3)** LIMITATIONS. (a) The department of revenue, in consultation with the office
14 of the commissioner of insurance, shall determine the percentage under sub. (2) for
15 each claimant for each taxable year so that the amount of the credit awarded to all
16 claimants under this section and ss. 71.07 (5g), 71.28 (5g), and 71.47 (5g) is as close
17 as practicable to $5,000,000 in each fiscal year.

18 (b) The amount of any credits that a claimant is awarded under this section for
19 taxable years beginning after December 31, 2005, and before January 1, 2008, may
20 first be claimed against the fees imposed under ss. 76.60, 76.63, 76.65, or 76.67 for
21 taxable years beginning after December 31, 2007, and in the manner determined by
22 the department of revenue.

23 **(4)** CARRY-FORWARD. If the credit under sub. (2) is not entirely offset against the
24 fees imposed under ss. 76.60, 76.63, 76.65, 76.66, or 76.67 that are otherwise due, the
25 unused balance may be carried forward and credited against those fees in the

following 15 years to the extent that it is not offset by those fees otherwise due in all the years between the year in which the assessment was paid and the year in which the carry–forward credit is claimed.

SECTION 55. 76.67 (2) of the statutes is amended to read:

76.67 **(2)** If any domestic insurer is licensed to transact insurance business in another state, this state may not require similar insurers domiciled in that other state to pay taxes greater in the aggregate than the aggregate amount of taxes that a domestic insurer is required to pay to that other state for the same year less the ~~credit~~ credits under ~~s.~~ ss. 76.635 and 76.655, except that the amount imposed shall not be less than the total of the amounts due under ss. 76.65 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375% of its gross premiums, as calculated under s. 76.62, less offsets allowed under s. 646.51 (7) or under ~~s.~~ ss. 76.635 and 76.655 against that total, and except that the amount imposed shall not be less than the amount due under s. 601.93.

SECTION 56. 77.92 (4) of the statutes is amended to read:

77.92 **(4)** "Net business income," with respect to a partnership, means taxable income as calculated under section 703 of the Internal Revenue Code; plus the items of income and gain under section 702 of the Internal Revenue Code, including taxable state and municipal bond interest and excluding nontaxable interest income or dividend income from federal government obligations; minus the items of loss and deduction under section 702 of the Internal Revenue Code, except items that are not deductible under s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), ~~and~~ (5b), and (5g); and plus or minus, as appropriate, transitional adjustments, depreciation differences,

and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions from farming. "Net business income," with respect to a natural person, estate, or trust, means profit from a trade or business for federal income tax purposes and includes net income derived as an employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

SECTION 57. 101.055 (2) (a) of the statutes is amended to read:

101.055 **(2)** (a) "Agency" means an office, department, independent agency, authority, institution, association, society, or other body in state government created or authorized to be created by the constitution or any law, and includes the legislature and the courts, but excludes the Health Insurance Risk–Sharing Plan Authority.

SECTION 58. 101.177 (1) (d) of the statutes is amended to read:

101.177 **(1)** (d) "State agency" means any office, department, agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law ~~which~~ , that is entitled to expend moneys appropriated by law, including the legislature and the courts, the Wisconsin Housing and Economic Development Authority, the Bradley Center Sports and Entertainment Corporation, the University of Wisconsin Hospitals and Clinics Authority, and the Wisconsin Health and Educational Facilities Authority, but excluding the Health Insurance Risk–Sharing Plan Authority.

SECTION 59. Chapter 149 (title) of the statutes is amended to read:

CHAPTER 149

~~MANDATORY~~ HEALTH INSURANCE

RISK–SHARING ~~PLAN~~ PLANS

1 **SECTION 60.** Subchapter I (title) of chapter 149 [precedes 149.10] of the statutes
2 is created to read:

3 **CHAPTER 149**

4 SUBCHAPTER I

5 GENERAL PROVISIONS

6 **SECTION 61.** 149.10 (intro.) of the statutes is amended to read:

7 **149.10 Definitions.** (intro.) In this chapter, unless the context requires
8 otherwise:

9 **SECTION 62.** 149.10 (1) of the statutes is created to read:

10 149.10 **(1)** "Authority" means the Health Insurance Risk–Sharing Plan
11 Authority.

12 **SECTION 63.** 149.10 (2) of the statutes is amended to read:

13 149.10 **(2)** "Board" means the board of ~~governors established under s. 149.15~~
14 directors of the authority.

15 **SECTION 64.** 149.10 (2j) (a) 3. of the statutes is amended to read:

16 149.10 **(2j)** (a) 3. Part A ~~or~~, part B, or part D of title XVIII of the federal Social
17 Security Act.

18 **SECTION 65.** 149.10 (2m) of the statutes is repealed.

19 **SECTION 66.** 149.10 (2t) (c) of the statutes is amended to read:

20 149.10 **(2t)** (c) The individual does not have creditable coverage and is not
21 eligible for coverage under a group health plan, part A ~~or~~, part B, or part D of title
22 XVIII of the federal Social Security Act or a state plan under title XIX of the federal
23 Social Security Act or any successor program.

24 **SECTION 67.** 149.10 (3) of the statutes is amended to read:

149.10 **(3)** "Eligible person" means a resident ~~of this state~~ who qualifies under s. 149.12 whether or not the person is legally responsible for the payment of medical expenses incurred on the person's behalf.

SECTION 68. 149.10 (3e) of the statutes is amended to read:

149.10 **(3e)** "Fund" means the ~~health insurance risk–sharing plan~~ Health Insurance Risk–Sharing Plan fund under s. 149.11 (2).

SECTION 69. 149.10 (7) of the statutes is amended to read:

149.10 **(7)** "Medicare" means coverage under ~~both~~ part A ~~and~~, part B, and part D of Title XVIII of the federal social security act, 42 USC 1395 et seq., as amended.

SECTION 70. 149.10 (8) of the statutes is amended to read:

149.10 **(8)** "Plan" means the health care insurance plan established and administered under subchapter II of this chapter.

SECTION 71. 149.10 (9) of the statutes is amended to read:

149.10 **(9)** "Resident" means a person who has been legally domiciled in this state for a period of at least ~~30 days~~ 3 months or, with respect to an eligible individual, an individual who resides in this state. For purposes of this chapter, legal domicile is established by living in this state and obtaining a Wisconsin motor vehicle operator's license, registering to vote in Wisconsin, or filing a Wisconsin income tax return. A child is legally domiciled in this state if the child lives in this state and if at least one of the child's parents or the child's guardian is legally domiciled in this state. A person with a developmental disability or another disability ~~which~~ that prevents the person from obtaining a Wisconsin motor vehicle operator's license, registering to vote in Wisconsin, or filing a Wisconsin income tax return, is legally domiciled in this state by living in this state.

SECTION 72. 149.10 (10) of the statutes is repealed.

1 **SECTION 73.** 149.105 of the statutes is created to read:

2 **149.105 Immunity.** No cause of action of any nature may arise against, and
3 no liability may be imposed upon, the authority, plan, or board; or any agent,
4 employee, or director of any of them; or participating insurers; or the commissioner;
5 or any of the commissioner's agents, employees, or representatives, for any act or
6 omission by any of them in the performance of their powers and duties under this
7 chapter, unless the person asserting liability proves that the act or omission
8 constitutes willful misconduct.

9 **SECTION 74.** Subchapter II (title) of chapter 149 [precedes 149.11] of the
10 statutes is created to read:

11 **CHAPTER 149**

12 SUBCHAPTER II

13 HEALTH INSURANCE RISK–SHARING

14 PLAN PROVISIONS

15 **SECTION 75.** 149.11 of the statutes is repealed and recreated to read:

16 **149.11 Administration of plan. (1)** AUTHORITY. The authority shall be
17 responsible for the operation of the plan and, subject to ss. 149.143 (2) and 149.47,
18 may enter into contracts for the plan's administration.

19 **(2)** FUND. (a) The authority shall pay the operating and administrative
20 expenses of the plan from the fund, which shall be outside the state treasury and
21 which shall consist of all of the following:

22 3. Federal moneys paid to the authority under s. 20.145 (5) (m).

23 4. The moneys transferred under 2005 Wisconsin Act .... (this act), section 163
24 (1).

25 5. The earnings resulting from investments under par. (b).

6. Any other moneys received by the authority from time to time.

(b) The authority controls the assets of the fund and shall select regulated financial institutions in this state that receive deposits in which to establish and maintain accounts for assets needed on a current basis. If practicable, the accounts shall earn interest.

(c) Moneys in the fund may be expended only for the purposes specified in par. (a).

SECTION 76. 149.115 of the statutes is amended to read:

149.115 Rules relating to creditable coverage. The commissioner~~, in consultation with the department,~~ shall promulgate rules that specify how creditable coverage is to be aggregated for purposes of s. 149.10 (2t) (a) and that determine the creditable coverage to which s. 149.10 (2t) (b) and (d) applies. The rules shall comply with section 2701 (c) of P.L. 104–191.

SECTION 77. 149.12 (1) (intro.) of the statutes is amended to read:

149.12 **(1)** (intro.) Except as provided in subs. (1m) ~~and~~, (2), and (3), the ~~board or plan administrator~~ authority shall certify as eligible a person who is covered by ~~medicare~~ Medicare because he or she is disabled under 42 USC 423, a person who submits evidence that he or she has tested positive for the presence of HIV, antigen or nonantigenic products of HIV, or an antibody to HIV, a person who is an eligible individual, and any person who receives and submits any of the following based wholly or partially on medical underwriting considerations within 9 months prior to making application for coverage by the plan:

SECTION 78. 149.12 (1) (a) of the statutes is amended to read:

149.12 **(1)** (a) A notice of rejection of coverage from ~~one~~ 2 or more insurers.

SECTION 79. 149.12 (1m) of the statutes is amended to read:

1 149.12 **(1m)** The ~~board or plan administrator~~ authority may not certify a
2 person as eligible under circumstances requiring notice under sub. (1) (a) to (d) if the
3 required notices were issued by an insurance intermediary who is not acting as an
4 administrator, as defined in s. 633.01.

5 **SECTION 80.** 149.12 (2) (f) of the statutes is renumbered 149.12 (2) (f) 1. and
6 amended to read:

7 149.12 **(2)** (f) 1. ~~No~~ Except as provided in subd. 2., no person who is eligible for
8 medical assistance is eligible for coverage under the plan.

9 **SECTION 81.** 149.12 (2) (f) 2. of the statutes is created to read:

10 149.12 **(2)** (f) 2. Subdivision 1. does not apply to a person who is otherwise
11 eligible for coverage under the plan and who is eligible for only any of the following
12 types of medical assistance:

13 a. Family planning services under s. 49.45 (24r).

14 b. Care and services for the treatment of an emergency medical condition under
15 42 USC 1396b (v), as provided in s. 49.45 (27).

16 c. Medical assistance under s. 49.46 (1) (a) 15.

17 d. Ambulatory prenatal care under s. 49.465.

18 e. Medicare premium, coinsurance, and deductible payments under s. 49.46 (2)
19 (c) 2. or 3., 49.468 (1) (b) or (c), or 49.47 (6) (a) 6. b. or c.

20 f. Medicare premium payments under s. 49.46 (2) (cm), 49.468 (1m) or (2), or
21 49.47 (6) (a) 6m.

22 **SECTION 82.** 149.12 (2) (g) of the statutes is created to read:

23 149.12 **(2)** (g) A person is not eligible for coverage under the plan if the person
24 is eligible for any of the following:

25 1. Services under s. 46.27 (11), 46.275, 46.277, or 46.278.

1 2. Medical assistance provided as part of a family care benefit, as defined in s.
2 46.2805 (4).
3 3. Services provided under a waiver requested under 2001 Wisconsin Act 16,
4 section 9123 (16rs), or 2003 Wisconsin Act 33, section 9124 (8c).
5 4. Services provided under the program of all–inclusive care for persons aged
6 55 or older authorized under 42 USC 1396u–4.
7 5. Services provided under the demonstration program under a federal waiver
8 authorized under 42 USC 1315.
9 6. Health care coverage under the Badger Care health care program under s.
10 49.665.
11 **SECTION 83.** 149.12 (3) (a) of the statutes is amended to read:
12 149.12 **(3)** (a) Except as provided in pars. (b) ~~to (c)~~ <u>and (bm)</u>, no person is eligible
13 for coverage under the plan for whom a premium, deductible, or coinsurance amount
14 is paid or reimbursed by a federal, state, county, or municipal government or agency
15 as of the first day of any term for which a premium amount is paid or reimbursed and
16 as of the day after the last day of any term during which a deductible or coinsurance
17 amount is paid or reimbursed.
18 **SECTION 84.** 149.12 (3) (c) of the statutes is repealed.
19 **SECTION 85.** 149.12 (4) and (5) of the statutes are created to read:
20 149.12 **(4)** Subject to subs. (1m), (2), and (3), the authority may establish
21 criteria that would enable additional persons to be eligible for coverage under the
22 plan. The authority shall ensure that any expansion of eligibility is consistent with
23 the purpose of the plan to provide health care coverage for those who are unable to
24 obtain health insurance in the private market and does not endanger the solvency
25 of the plan.

1 **(5)** The authority shall establish policies for determining and verifying the
2 continued eligibility of an eligible person.

3 **SECTION 86.** 149.13 (1) of the statutes is amended to read:

4 149.13 **(1)** Every insurer shall participate in the cost of administering the plan,
5 except the commissioner may by rule exempt as a class those insurers whose share
6 as determined under sub. (2) would be so minimal as to not exceed the estimated cost
7 of levying the assessment. The commissioner shall advise the ~~department~~ authority
8 of the insurers participating in the cost of administering the plan.

9 **SECTION 87.** 149.13 (3) (a) of the statutes is amended to read:

10 149.13 **(3)** (a) Each insurer's proportion of participation under sub. (2) shall be
11 determined annually by the commissioner based on annual statements and other
12 reports filed by the insurer with the commissioner. The commissioner shall assess
13 an insurer for the insurer's proportion of participation based on the total
14 assessments estimated by the ~~department under s. 149.143 (2) (a) 3.~~ authority.

15 **SECTION 88.** 149.13 (3) (b) of the statutes is amended to read:

16 149.13 **(3)** (b) If the ~~department~~ authority or the commissioner finds that the
17 commissioner's authority to require insurers to report under chs. 600 to 646 and 655
18 is not adequate to permit ~~the department,~~ the commissioner or the ~~board~~ authority
19 to carry out the ~~department's,~~ commissioner's or ~~board's~~ authority's responsibilities
20 under this ~~chapter~~ subchapter, the commissioner shall promulgate rules requiring
21 insurers to report the information necessary for the ~~department,~~ commissioner and
22 ~~board~~ authority to make the determinations required under this ~~chapter~~ subchapter.

23 **SECTION 89.** 149.13 (4) of the statutes is amended to read:

24 149.13 **(4)** Notwithstanding subs. (1) to (3), the ~~department~~ authority, with the
25 agreement of the commissioner, may perform various administrative functions

related to the assessment of insurers participating in the cost of administering the plan.

SECTION 90. 149.14 (1) (a) of the statutes is amended to read:

149.14 **(1)** (a) The plan shall offer coverage for each eligible person in an annually renewable policy ~~the coverage specified in this section for each eligible person~~. If an eligible person is also eligible for ~~medicare~~ Medicare coverage, the plan shall not pay or reimburse any person for expenses paid for by ~~medicare~~ Medicare. If an eligible person is eligible for a type of medical assistance specified in s. 149.12 (2) (f) 2., the plan shall not pay or reimburse the person for expenses paid for by Medical Assistance.

SECTION 91. 149.14 (2) (a) of the statutes is amended to read:

149.14 **(2)** (a) The plan shall provide every eligible person who is not eligible for ~~medicare~~ Medicare with major medical expense coverage. Major medical expense coverage offered under the plan under this section shall pay an eligible person's covered expenses, subject to ~~sub. (3) and~~ deductible, copayment, and coinsurance payments ~~authorized under sub. (5)~~, up to a lifetime limit of $1,000,000 per covered individual. ~~The maximum limit under this paragraph shall not be altered by the board, and no actuarially equivalent benefit may be substituted by the board.~~

SECTION 92. 149.14 (3) (intro.) of the statutes is amended to read:

149.14 **(3)** COVERED EXPENSES. (intro.) ~~Except as provided in sub. (4), except as restricted by cost containment provisions under s. 149.17 (4) and except as reduced by the department under ss. 149.143 and 149.144, covered~~ Covered expenses for ~~the~~ coverage under ~~this section~~ the plan shall be the payment rates established by the ~~department under s. 149.142~~ authority for ~~the~~ services provided by persons licensed under ch. 446 and certified under s. 49.45 (2) (a) 11. ~~Except as provided in~~

1 ~~sub. (4), except as restricted by cost containment provisions under s. 149.17 (4) and~~
2 ~~except as reduced by the department under ss. 149.143 and 149.144, covered~~ Covered
3 expenses for ~~the~~ coverage under ~~this section~~ the plan shall also be the payment rates
4 established by the ~~department under s. 149.142~~ authority for, at a minimum, the
5 following services and articles if the service or article is prescribed by a physician
6 who is licensed under ch. 448 or in another state and who is certified under s. 49.45
7 (2) (a) 11. and if the service or article is provided by a provider certified under s. 49.45
8 (2) (a) 11.:

9 **SECTION 93.** 149.14 (3) (b) of the statutes is repealed and recreated to read:

10 149.14 **(3)** (b) Professional services for the diagnosis or treatment of injuries,
11 illnesses, or conditions, other than mental or dental.

12 **SECTION 94.** 149.14 (3) (c) 1. of the statutes is repealed and recreated to read:

13 149.14 **(3)** (c) 1. Inpatient hospital services, as defined in s. 632.89 (1) (d),
14 outpatient services, as defined in s. 632.89 (1) (e), and transitional treatment
15 arrangements, as defined in s. 632.89 (1) (f), only to the extent required under s.
16 632.89.

17 **SECTION 95.** 149.14 (3) (c) 2. of the statutes is repealed.

18 **SECTION 96.** 149.14 (3) (c) 3. of the statutes is amended to read:

19 149.14 **(3)** (c) 3. Subject to the limits under subd. 2. and to rules promulgated
20 by the department of health and family services under s. 149.14 (3) (c) 3., 2003 stats.,
21 services for the chronically mentally ill in community support programs operated
22 under s. 51.421.

23 **SECTION 97.** 149.14 (3) (c) 3. of the statutes, as affected by 2005 Wisconsin Act
24 .... (this act), is amended to read:

149.14 **(3)** (c) 3. Subject to the limits under subd. ~~2. and to rules promulgated by the department of health and family services under s. 149.14 (3) (c) 3., 2003 stats.~~ 1., services for the chronically mentally ill in community support programs operated under s. 51.421.

SECTION 98. 149.14 (3) (d) of the statutes is amended to read:

149.14 **(3)** (d) Drugs requiring a physician's prescription~~, subject to sub. (4c)~~.

SECTION 99. 149.14 (3) (e) of the statutes is amended to read:

149.14 **(3)** (e) ~~Services~~ For persons eligible for Medicare, services of a licensed skilled nursing facility ~~for eligible persons eligible for medicare~~, to the extent required by s. 632.895 (3) and for not more than an aggregate 120 days during a calendar year, if the services are of the type ~~which~~ that would qualify as reimbursable services under ~~medicare~~ Medicare. Coverage under this paragraph ~~which~~ that is not required by s. 632.895 (3) is subject to ~~the~~ any deductible and coinsurance requirements ~~under sub. (5)~~ provided by the authority.

SECTION 100. 149.14 (3) (f) of the statutes is created to read:

149.14 **(3)** (f) Services of a home health agency, as defined in s. 50.49 (1) (a), only to the extent required under s. 632.895 (2).

SECTION 101. 149.14 (3) (m) of the statutes is amended to read:

149.14 **(3)** (m) Oral surgery for excision of partially or completely unerupted, impacted teeth and oral surgery with respect to the gums and other tissues of the mouth when not performed in connection with the extraction or repair of teeth.

SECTION 102. 149.14 (3) (o) of the statutes is amended to read:

149.14 **(3)** (o) ~~Transportation~~ Emergency and other medically necessary transportation provided by a licensed ambulance service to the nearest facility qualified to treat ~~the~~ a covered condition.

1 **SECTION 103.** 149.14 (3) (p) of the statutes is renumbered 149.14 (3) (em).

2 **SECTION 104.** 149.14 (4) of the statutes, as affected by 2005 Wisconsin Act ....
3 (this act), is repealed and recreated to read:

4 149.14 **(4)** PLAN DESIGN. Subject to subs. (1) to (3), (5), and (6), the authority
5 shall establish the plan design, after taking into consideration the levels of health
6 insurance coverage provided in the state and medical economic factors, as
7 appropriate. Subject to subs. (1) to (3), (5), and (6), the authority shall provide benefit
8 levels, deductibles, copayment and coinsurance requirements, exclusions, and
9 limitations under the plan that the authority determines generally reflect and are
10 commensurate with comprehensive health insurance coverage offered in the private
11 individual market in the state. The authority may develop additional benefit designs
12 that are responsive to market conditions.

13 **SECTION 105.** 149.14 (4) (d) of the statutes is amended to read:

14 149.14 **(4)** (d) That part of any charge for services or articles rendered or
15 prescribed by a physician, dentist, or other health care personnel that exceeds the
16 payment rate established by the ~~department~~ authority under s. 149.142 ~~and reduced~~
17 ~~under ss. 149.143 and 149.144~~ or any charge not medically necessary.

18 **SECTION 106.** 149.14 (4) (m) of the statutes is amended to read:

19 149.14 **(4)** (m) Experimental treatment, as determined by the ~~department~~
20 authority.

21 **SECTION 107.** 149.14 (4c) of the statutes is repealed.

22 **SECTION 108.** 149.14 (4m) of the statutes is renumbered 149.142 (2m) and
23 amended to read:

24 149.142 **(2m)** PAYMENT IS PAYMENT IN FULL. Except for copayments, coinsurance,
25 or deductibles required or authorized under the plan, a provider of a covered service

or article shall accept as payment in full for the covered service or article the payment rate determined under ~~ss. 149.142, 149.143 and 149.144~~ sub. (1) and may not bill an eligible person who receives the service or article for any amount by which the charge for the service or article is reduced under ~~s. 149.142, 149.143 or 149.144~~ sub. (1).

SECTION 109. 149.14 (5) of the statutes, as affected by 2005 Wisconsin Act .... (this act), is repealed and recreated to read:

149.14 **(5)** DEDUCTIBLE AND COPAYMENT SUBSIDIES. (a) The authority shall establish and provide subsidies for deductibles paid by eligible persons with coverage under s. 149.14 (2) (a) and household incomes specified in s. 149.165 (2) (a) 1. to 5.

(b) The authority may provide subsidies for prescription drug copayment amounts paid by eligible persons specified in par. (a).

SECTION 110. 149.14 (5) (b) of the statutes is amended to read:

149.14 **(5)** (b) Except as provided in ~~pars. (c) and (e)~~ par. (c), if the covered costs incurred by the eligible person exceed the deductible for major medical expense coverage in a calendar year, the plan shall pay at least 80% of any additional covered costs incurred by the person during the calendar year.

SECTION 111. 149.14 (5) (c) of the statutes is amended to read:

149.14 **(5)** (c) ~~Except as provided in par. (e), if~~ If the aggregate of the covered costs not paid by the plan under par. (b) and the deductible exceeds $500 for an eligible person receiving medicare, $2,000 for any other eligible person during a calendar year or $4,000 for all eligible persons in a family, the plan shall pay 100% of all covered costs incurred by the eligible person during the calendar year after the payment ceilings under this paragraph are exceeded.

SECTION 112. 149.14 (5) (d) of the statutes is repealed.

SECTION 113. 149.14 (5) (e) of the statutes is repealed.

1 **SECTION 114.** 149.14 (5m) of the statutes is repealed.

2 **SECTION 115.** 149.14 (6) (a) of the statutes is repealed.

3 **SECTION 116.** 149.14 (6) (b) of the statutes is renumbered 149.14 (6).

4 **SECTION 117.** 149.14 (7) (b) of the statutes is amended to read:

5 149.14 **(7)** (b) The ~~department~~ authority has a cause of action against an
6 eligible participant for the recovery of the amount of benefits paid ~~which~~ that are not
7 for covered expenses under the plan. Benefits under the plan may be reduced or
8 refused as a setoff against any amount recoverable under this paragraph.

9 **SECTION 118.** 149.14 (7) (c) of the statutes is amended to read:

10 149.14 **(7)** (c) The ~~department~~ authority is subrogated to the rights of an
11 eligible person to recover special damages for illness or injury to the person caused
12 by the act of a 3rd person to the extent that benefits are provided under the plan.
13 ~~Section 814.03 (3) applies to the department under this paragraph~~.

14 **SECTION 119.** 149.14 (8) of the statutes is repealed.

15 **SECTION 120.** 149.141 of the statutes is created to read:

16 **149.141 Premiums. (1)** PERCENTAGE OF COSTS. Except as provided in sub. (2),
17 the authority shall set premium rates for coverage under the plan at a level that is
18 sufficient to cover 60 percent of plan costs, as provided in s. 149.143 (1).

19 **(2)** LIMITATION. In no event may plan premium rates exceed 200 percent of rates
20 applicable to individual standard risks.

21 **SECTION 121.** 149.142 (1) (a) of the statutes is renumbered 149.142 (1) and
22 amended to read:

23 149.142 **(1)** ESTABLISHMENT OF RATES. ~~Except as provided in par. (b), the~~
24 ~~department~~ The authority shall establish provider payment rates for covered
25 expenses that consist of the allowable charges paid under s. 49.46 (2) for the services

and articles provided plus an enhancement determined by the ~~department~~ authority. The rates shall be based on the allowable charges paid under s. 49.46 (2), projected plan costs, and trend factors. Using the same methodology that applies to medical assistance under subch. IV of ch. 49, the ~~department~~ authority shall establish hospital outpatient per visit reimbursement rates and hospital inpatient reimbursement rates that are specific to diagnostically related groups of eligible persons. The adjustments to the usual and customary rates shall be sufficient to cover 20 percent of plan costs, as provided in s. 149.143 (3).

SECTION 122. 149.142 (1) (b) of the statutes is repealed.

SECTION 123. 149.142 (2) of the statutes is repealed.

SECTION 124. 149.143 of the statutes is repealed and recreated to read:

149.143 Payment of plan costs. (1) COSTS EXCLUDING SUBSIDIES. The authority shall pay plan costs, excluding any premium, deductible, and copayment subsidies, first from federal funds, if any, that are transferred to the fund under s. 20.145 (5) (m) and that exceed premium, deductible, and copayment subsidy costs in a policy year. The remainder of the plan costs, excluding premium, deductible, and copayment subsidy costs, shall be paid as follows:

(a) Sixty percent from premiums paid by eligible persons.

(b) Twenty percent from insurer assessments under s. 149.13.

(c) Twenty percent from adjustments to provider payment rates under s. 149.142.

(2) SUBSIDY COSTS. The authority shall pay for premium, deductible, and copayment subsidies in a policy year first from federal funds, if any, that are transferred to the fund under s. 20.145 (5) (m) in that year. The remainder of the subsidy costs shall be paid as follows:

(a) Fifty percent from insurer assessments under s. 149.13.

(b) Fifty percent from adjustments to provider payment rates under s. 149.142.

SECTION 125. 149.144 of the statutes is repealed.

SECTION 126. 149.145 of the statutes is repealed.

SECTION 127. 149.146 (1) (a) and (b) of the statutes are consolidated, renumbered 149.14 (2) (c) 1. and amended to read:

149.14 **(2)** (c) 1. ~~Beginning on January 1, 1998, in~~ In addition to the coverage ~~required~~ under ~~s. 149.14~~ pars. (a) and (b), the plan shall offer to all eligible persons who are not eligible for ~~medicare~~ Medicare a choice of coverage, as described in section 2744 (a) (1) (C), P.L. 104–191. Any such choice of coverage shall be major medical expense coverage. ~~(b)~~ An eligible person ~~under par. (a)~~ who is not eligible for Medicare may elect once each year, at the time and according to procedures established by the ~~department~~ authority, among the coverages offered under this ~~section and s. 149.14~~ paragraph and par. (a). If an eligible person elects new coverage, any preexisting condition exclusion imposed under the new coverage is met to the extent that the eligible person has been previously and continuously covered under ~~this chapter~~ the plan. No preexisting condition exclusion may be imposed on an eligible person who elects new coverage if the person was an eligible individual when first covered under ~~this chapter~~ the plan and the person remained continuously covered under ~~this chapter~~ the plan up to the time of electing the new coverage.

SECTION 128. 149.146 (2) (a) of the statutes is renumbered 149.14 (2) (c) 2. and amended to read:

149.14 **(2)** (c) 2. ~~Except as specified by the department, the terms of coverage under s. 149.14, including deductible reductions under s. 149.14 (5) (a) and~~

~~prescription drug copayment reductions under s. 149.14 (5) (e), do not apply to the coverage offered under this section.~~ Premium reductions under s. 149.165 and deductible subsidies and prescription drug copayment subsidies under s. 149.14 (5) do not apply to the coverage offered under this ~~section~~ paragraph.

SECTION 129. 149.146 (2) (am) of the statutes is repealed.

SECTION 130. 149.146 (2) (b) of the statutes is repealed.

SECTION 131. 149.15 of the statutes is repealed.

SECTION 132. 149.16 of the statutes is repealed.

SECTION 133. 149.165 (1) of the statutes is amended to read:

149.165 **(1)** ~~Except as provided in s. 149.146 (2) (a), the department~~ The authority shall reduce the premiums established under ~~s. 149.11 in conformity with ss. 149.14 (5m), 149.143 and 149.17~~ s. 149.141 for the eligible persons and in the manner set forth in subs. (2) and (3).

SECTION 134. 149.165 (2) (a) (intro.) of the statutes is amended to read:

149.165 **(2)** (a) (intro.) Subject to sub. (3m), if the household income, as defined in s. 71.52 (5) and as determined under sub. (3), of an eligible person with coverage under s. 149.14 (2) (a) is equal to or greater than the first amount and less than the 2nd amount listed in any of the following, the ~~department~~ authority shall reduce the premium for the eligible person to the rate shown after the amounts:

SECTION 135. 149.165 (2) (bc) of the statutes is amended to read:

149.165 **(2)** (bc) Subject to sub. (3m), if the household income, as defined in s. 71.52 (5) and as determined under sub. (3), of an eligible person with coverage under s. 149.14 (2) (b) is equal to or greater than the first amount and less than the 2nd amount listed in par. (a) 1., 2., 3., 4., or 5., the ~~department~~ authority shall reduce the premium established for the eligible person by the same percentage as the

~~department~~ authority reduces, under par. (a), the premium established for an eligible person with coverage under s. 149.14 (2) (a) who has a household income specified in the same subdivision under par. (a) as the household income of the eligible person with coverage under s. 149.14 (2) (b).

SECTION 136. 149.165 (3) (a) of the statutes is amended to read:

149.165 **(3)** (a) Subject to par. (b), the ~~department~~ authority shall establish and implement the method for determining the household income of an eligible person under sub. (2).

SECTION 137. 149.165 (3) (b) (intro.) of the statutes is amended to read:

149.165 **(3)** (b) (intro.) In determining household income under sub. (2), the ~~department~~ authority shall consider information submitted by an eligible person on a completed federal profit or loss from farming form, schedule F, if all of the following apply:

SECTION 138. 149.165 (3m) of the statutes is amended to read:

149.165 **(3m)** The ~~board~~ authority may approve adjustment of the household income dollar amounts listed in sub. (2) (a) 1. to 5., except for the first dollar amount listed in sub. (2) (a) 1., to reflect changes in the consumer price index for all urban consumers, U.S. city average, as determined by the U.S. department of labor.

SECTION 139. 149.165 (4) of the statutes is repealed.

SECTION 140. 149.17 (1) of the statutes is amended to read:

149.17 **(1)** Subject to ~~ss. 149.14 (5m),~~ s. 149.143 ~~and 149.146 (2) (b)~~, a rating plan calculated in accordance with generally accepted actuarial principles.

SECTION 141. 149.17 (2) of the statutes is repealed.

SECTION 142. 149.17 (4) of the statutes is repealed.

SECTION 143. 149.175 of the statutes is repealed.

1 **SECTION 144.** 149.18 of the statutes is amended to read:

2 **149.18 Chapters 600 to 645 applicable.** Except as otherwise provided in this
3 ~~chapter~~ subchapter, the plan shall comply and be administered in compliance with
4 chs. 600 to 645.

5 **SECTION 145.** 149.20 of the statutes is repealed.

6 **SECTION 146.** 149.25 of the statutes is repealed.

7 **SECTION 147.** Subchapter III of chapter 149 [precedes 149.40] of the statutes
8 is created to read:

9 **CHAPTER 149**

10 SUBCHAPTER III

11 HEALTH INSURANCE RISK–SHARING

12 PLAN AUTHORITY

13 **149.40 Definitions.** In this subchapter:

14 **(1)** "Authority" means the Health Insurance Risk–Sharing Plan Authority.

15 **(2)** "Board" means the board of directors of the authority.

16 **149.41 Creation and organization of authority. (1)** There is created a
17 public body corporate and politic to be known as the "Health Insurance Risk–Sharing
18 Plan Authority." The board of directors of the authority shall consist of the
19 commissioner of insurance, or his or her designee, as a nonvoting member, and the
20 following members, who shall be nominated by the governor, and with the advice and
21 consent of the senate appointed, for 3–year terms:

22 (a) Four members who represent insurers participating in the plan.

23 (b) Four members who represent health care providers, including one
24 representative of the Wisconsin Medical Society, one representative of the Wisconsin
25 Hospital Association, Inc., one representative of the Pharmacy Society of Wisconsin,

1 and one representative of health care providers that provide services to persons with
2 coverage under the plan.
3 (c) Five other members, at least one of whom represents small businesses that
4 purchase private health insurance and at least 2 of whom are persons with coverage
5 under the plan.
6 **(2)** A vacancy on the board shall be filled in the same manner as the original
7 appointment to the board for the remainder of the unexpired term, if any.
8 **(3)** A member of the board may not be compensated for his or her services but
9 shall be reimbursed for actual and necessary expenses, including travel expenses,
10 incurred in the performance of his or her duties.
11 **(4)** Annually, the governor shall appoint one member other than the
12 commissioner as chairperson, and the members of the board may elect other officers
13 as they consider appropriate. Seven voting members of the board constitute a
14 quorum for the purpose of conducting the business and exercising the powers of the
15 authority, notwithstanding the existence of any vacancy. The board may take action
16 upon a vote of a majority of the members present, unless the bylaws of the authority
17 require a larger number.
18 **(5)** The board may appoint an executive director who shall not be a member of
19 the board and who shall serve at the pleasure of the board. The authority may
20 delegate by resolution to one or more of its members or its executive director any
21 powers and duties that it considers proper. The executive director shall receive such
22 compensation as may be determined by the board. The executive director or other
23 person designated by resolution of the board shall keep a record of the proceedings
24 of the authority and shall be custodian of all books, documents, and papers filed with
25 the authority, the minute book or journal of the authority, and its official seal. The

1 executive director or other person may cause copies to be made of all minutes and
2 other records and documents of the authority and may give certificates under the
3 official seal of the authority to the effect that such copies are true copies, and all
4 persons dealing with the authority may rely upon such certificates.

5 **149.43 Duties of authority.** In addition to all other duties imposed under this
6 chapter, the authority shall do all of the following:

7 **(1)** Adopt policies for the administration of this chapter.

8 **(2)** Contract with the plan administrator under s. 149.16, 2003 stats., in the
9 manner required under 2005 Wisconsin Act .... (this act), section 162 (1) (b) until the
10 end of the contract term.

11 **(3)** Establish the authority's annual budget and monitor the fiscal
12 management of the authority.

13 **(4)** Beginning on July 1, 2006, do, or contract with another person to do, all of
14 the following:

15 (a) Perform all eligibility and administrative claims payment functions
16 relating to the plan.

17 (b) Establish a premium billing procedure for collection of premiums from
18 insured persons. Billings shall be made on a periodic basis as determined by the
19 authority.

20 (c) Perform all necessary functions to assure timely payment of benefits to
21 covered persons under the plan, including:

22 1. Making available information relating to the proper manner of submitting
23 a claim for benefits under the plan and distributing forms upon which submissions
24 shall be made.

25 2. Evaluating the eligibility of each claim for payment under the plan.

1 3. Notifying each claimant within 30 days after receiving a properly completed
2 and executed proof of loss whether the claim is accepted, rejected, or compromised.
3 **(5)** Seek to qualify or maintain the plan as a state pharmacy assistance
4 program, as defined in 42 CFR 423.464.
5 **(6)** Annually submit a report to the legislature under s. 13.172 (2) and to the
6 governor on the operation of the plan.
7 **149.45 Powers of authority. (1)** Except as restricted under sub. (2), the
8 authority shall have all the powers necessary or convenient to carry out the purposes
9 and provisions of this chapter. In addition to all other powers granted by this chapter,
10 the authority may:
11 (a) Adopt bylaws and policies and procedures for the regulation of its affairs
12 and the conduct of its business.
13 (b) Have a seal and alter the seal at pleasure; have perpetual existence; and
14 maintain an office.
15 (c) Hire employees, define their duties, and fix their rate of compensation.
16 (d) Incur debt, except as restricted under sub. (2).
17 (e) Contract for any professional services required for the authority, subject to
18 ss. 149.43 (2) and 149.47.
19 (f) Appoint any technical or professional advisory committee that the authority
20 finds necessary to assist the authority in exercising its duties and powers. The
21 authority shall define the duties of the committee, and provide reimbursement for
22 the expenses of the committee.
23 (g) Execute contracts and other instruments.
24 (h) Accept gifts, grants, loans, or other contributions from private or public
25 sources.

1 (i) Procure liability insurance.

2 **(2)** The authority may not issue bonds.

3 **149.47 Contracting for professional services. (1)** Whenever contracting
4 for professional services, the authority shall solicit competitive sealed bids or
5 competitive sealed proposals, whichever is appropriate. Each request for
6 competitive sealed proposals shall state the relative importance of price and other
7 evaluation factors.

8 **(2)** (a) When the estimated cost exceeds $25,000, the authority may invite
9 competitive sealed bids or proposals by publishing a class 2 notice under ch. 985 or
10 by posting notice on the Internet at a site determined or approved by the authority.
11 The notice shall describe the contractual services to be purchased, the intent to make
12 the procurement by solicitation of bids or proposals, any requirement for surety, and
13 the date the bids or proposals will be opened, which shall be at least 7 days after the
14 date of the last insertion of the notice or at least 7 days after the date of posting on
15 the Internet.

16 (b) When the estimated cost is $25,000 or less, the authority may award the
17 contract in accordance with simplified procedures established by the authority for
18 such transactions.

19 (c) For purposes of clarification, the authority may discuss the requirements
20 of the proposed contract with any person who submits a bid or proposal and shall
21 permit any offerer to revise his or her bid or proposal to ensure its responsiveness to
22 those requirements.

23 **(3)** (a) The authority shall determine which bids or proposals are reasonably
24 likely to be awarded the contract and shall provide each offerer of such a bid or
25 proposal a fair and equal opportunity to discuss the bid or proposal. The authority

may negotiate with each offerer in order to obtain terms that are advantageous to the authority. Prior to the award of the contract, any offerer may revise his or her bid or proposal. The authority shall keep a written record of all meetings, conferences, oral presentations, discussions, negotiations, and evaluations of bids or proposals under this section.

(b) In opening, discussing, and negotiating bids or proposals, the authority may not disclose any information that would reveal the terms of a competing bid or proposal.

(4) (a) After receiving each offerer's best and final offer, the authority shall determine which proposal is most advantageous and shall award the contract to the person who offered it. The authority's determination shall be based only on price and the other evaluation factors specified in the request for bids or proposals. The authority shall state in writing the reason for the award and shall place the statement in the contract file.

(b) Following the award of the contract, the authority shall prepare a register of all bids or proposals.

149.50 Political activities. (1) No employee of the authority may directly or indirectly solicit or receive subscriptions or contributions for any partisan political party or any political purpose while engaged in his or her official duties as an employee. No employee of the authority may engage in any form of political activity calculated to favor or improve the chances of any political party or any person seeking or attempting to hold partisan political office while engaged in his or her official duties as an employee or engage in any political activity while not engaged in his or her official duties as an employee to such an extent that the person's efficiency during

working hours will be impaired or that he or she will be tardy or absent from work. Any violation of this section is adequate grounds for dismissal.

(2) If an employee of the authority declares an intention to run for partisan political office, the employee shall be placed on a leave of absence for the duration of the election campaign and if elected shall no longer be employed by the authority on assuming the duties and responsibilities of such office.

(3) An employee of the authority may be granted, by the executive director, a leave of absence to participate in partisan political campaigning.

(4) Persons on leave of absence under sub. (2) or (3) shall not be subject to the restrictions of sub. (1), except as they apply to the solicitation of assistance, subscription, or support from any other employee in the authority.

149.53 Liability limited. (1) Neither the state nor any political subdivision of the state nor any officer, employee, or agent of the state or a political subdivision who is acting within the scope of employment or agency is liable for any debt, obligation, act, or omission of the authority.

(2) All of the expenses incurred by the authority in exercising its duties and powers under this chapter shall be payable only from funds of the authority.

SECTION 148. 149.40 of the statutes, as created by 2005 Wisconsin Act .... (this act), is repealed.

SECTION 149. Subchapter IV of chapter 149 [precedes 149.60] of the statutes is created to read:

CHAPTER 149

SUBCHAPTER IV

HEALTH CARE TAX CREDIT PROGRAM

1 **149.60 Definition.** In this subchapter, "eligible individual" has the meaning
2 given in 26 USC 35 (c).

3 **149.65 Program requirements. (1)** Subject to sub. (2), the authority shall
4 design and administer a program of health care coverage, called the Health Care Tax
5 Credit Program, under which a covered eligible individual may receive an income tax
6 credit under 26 USC 35 for a portion of premiums paid for the coverage. The Health
7 Care Tax Credit Program shall be designed to satisfy the requirements of qualified
8 health insurance under 26 USC 35 (e) (1) (E), (2), and (3).

9 **(2)** Subsection (1) applies only as long as federal law provides for income tax
10 credits for premiums paid for coverage that satisfies the requirements specified in
11 sub. (1).

12 **149.70 Eligibility.** An individual shall be eligible for coverage under the
13 Health Care Tax Credit Program if the individual is any of the following:

14 **(1)** An eligible individual for whom all of the following apply:

15 (a) The aggregate of the individual's periods of creditable coverage, determined
16 in the manner provided by rule under s. 149.115, is 3 months or more.

17 (b) The individual does not have other health care coverage.

18 (c) The individual is not confined in a prison, jail, or house of correction.

19 **(2)** An individual who is a qualifying family member, as defined in 26 USC 35
20 (d), of an eligible individual described in sub. (1) and who does not have other health
21 care coverage.

22 **SECTION 150.** 230.03 (3) of the statutes is amended to read:

23 230.03 **(3)** "Agency" means any board, commission, committee, council, or
24 department in state government or a unit thereof created by the constitution or
25 statutes if such board, commission, committee, council, department, unit, or the

head thereof, is authorized to appoint subordinate staff by the constitution or statute, except a legislative or judicial board, commission, committee, council, department, or unit thereof or an authority created under ~~chs.~~ subch. III of ch. 149 or under ch. 231, 232, 233, 234, 235, or 237. "Agency" does not mean any local unit of government or body within one or more local units of government that is created by law or by action of one or more local units of government.

SECTION 151. 230.80 (4) of the statutes is amended to read:

230.80 **(4)** "Governmental unit" means any association, authority, board, commission, department, independent agency, institution, office, society, or other body in state government created or authorized to be created by the constitution or any law, including the legislature, the office of the governor, and the courts, but excluding the Health Insurance Risk–Sharing Plan Authority. "Governmental unit" does not mean any political subdivision of the state or body within one or more political subdivisions ~~which~~ that is created by law or by action of one or more political subdivisions.

SECTION 152. 601.41 (1) of the statutes is amended to read:

601.41 **(1)** DUTIES. The commissioner shall administer and enforce chs. 600 to 655 and ss. 59.52 (11) (c), 66.0137 (4) and (4m), 100.203, 120.13 (2) (b) to (g), and 149.13~~, and 149.144~~ and shall act as promptly as possible under the circumstances on all matters placed before the commissioner.

SECTION 153. 601.415 (12) of the statutes is amended to read:

601.415 **(12)** HEALTH ~~INSURANCE RISK-SHARING PLAN~~ INSURANCE RISK-SHARING PLAN. The commissioner shall perform the duties specified to be performed by the commissioner in ~~ss.~~ s. 149.13 ~~and 149.144. The commissioner, or his or her designee, shall serve as a member of the board under s. 149.15~~.

1 **SECTION 154.** 601.64 (1) of the statutes is amended to read:

2 601.64 **(1)** INJUNCTIONS AND RESTRAINING ORDERS. The commissioner may
3 commence an action in circuit court in the name of the state to restrain by temporary
4 or permanent injunction or by temporary restraining order any violation of chs. 600
5 to 655~~,~~ or s. 149.13 ~~or 149.144~~, any rule promulgated under chs. 600 to 655, or any
6 order issued under s. 601.41 (4). The commissioner need not show irreparable harm
7 or lack of an adequate remedy at law in an action commenced under this subsection.

8 **SECTION 155.** 601.64 (3) (a) of the statutes is amended to read:

9 601.64 **(3)** (a) *Restitutionary forfeiture.* Whoever violates an effective order
10 issued under s. 601.41 (4), any insurance statute or rule, or s. 149.13 ~~or 149.144~~ shall
11 forfeit to the state twice the amount of any profit gained from the violation, in
12 addition to any other forfeiture or penalty imposed.

13 **SECTION 156.** 601.64 (3) (c) of the statutes is amended to read:

14 601.64 **(3)** (c) *Forfeiture for violation of statute or rule.* Whoever violates an
15 insurance statute or rule or s. 149.13 ~~or 149.144~~, intentionally aids a person in
16 violating an insurance statute or rule or s. 149.13 ~~or 149.144~~, or knowingly permits
17 a person over whom he or she has authority to violate an insurance statute or rule
18 or s. 149.13 ~~or 149.144~~ shall forfeit to the state not more than $1,000 for each
19 violation. If the statute or rule imposes a duty to make a report to the commissioner,
20 each week of delay in complying with the duty is a new violation.

21 **SECTION 157.** 601.64 (4) of the statutes is amended to read:

22 601.64 **(4)** CRIMINAL PENALTY. Whoever intentionally violates or intentionally
23 permits any person over whom he or she has authority to violate or intentionally aids
24 any person in violating any insurance statute or rule of this state, s. 149.13 ~~or~~
25 ~~149.144~~, or any effective order issued under s. 601.41 (4) is guilty of a Class I felony,

unless a specific penalty is provided elsewhere in the statutes. Intent has the meaning expressed under s. 939.23.

SECTION 158. 613.03 (4) of the statutes is amended to read:

613.03 **(4)** ~~MANDATORY HEALTH INSURANCE RISK–SHARING PLAN~~ HEALTH INSURANCE RISK–SHARING PLAN. Service insurance corporations organized or operating under this chapter are subject to the requirements that apply to insurers and insurance under ch. 149.

SECTION 159. 631.20 (2) (f) of the statutes is created to read:

631.20 **(2)** (f) In the case of a policy form under ch. 149, that any of the following applies:

1. The benefit design is not comparable to a typical comprehensive individual health insurance policy offered in the private sector market in this state.

2. The benefit levels are not generally reflective of and commensurate with comprehensive health insurance coverage offered in the private individual market in the state.

3. The copayments, deductibles, and coinsurance are not actuarially equivalent to comprehensive individual plans and would create undue financial hardship.

4. It is inconsistent with the purpose of providing health care coverage to those unable to obtain coverage in the private market.

SECTION 160. 632.785 (title) of the statutes is amended to read:

632.785 (title) **Notice of ~~mandatory risk–sharing plan~~ Health Insurance Risk–Sharing Plan.**

SECTION 161. 895.65 (1) (c) of the statutes is amended to read:

895.65 **(1)** (c) "Governmental unit" means any association, authority, board, commission, department, independent agency, institution, office, society or other

1 body in state government created or authorized to be created by the constitution or
2 any law, including the legislature, the office of the governor and the courts.
3 "Governmental unit" does not mean the University of Wisconsin Hospitals and
4 Clinics Authority, the Health Insurance Risk–Sharing Plan Authority, or any
5 political subdivision of the state or body within one or more political subdivisions
6 which is created by law or by action of one or more political subdivisions.

7 **SECTION 162. Nonstatutory provisions.**

8 (1) ADMINISTRATOR CONTRACT.

9 (a) Because the legislature has determined that it is in the best interest of the
10 Health Insurance Risk–Sharing Plan to have the Health Insurance Risk–Sharing
11 Plan Authority administer the Health Insurance Risk–Sharing Plan beginning on
12 July 1, 2006, the department of health and family services shall, no later than
13 January 1, 2006, give written notice to the plan administrator under section 149.16,
14 2003 stats., terminating the contract between the department of health and family
15 services and the plan administrator effective July 1, 2006.

16 (b) Notwithstanding the treatment of sections 149.11 (1), 149.12 (1) (intro.) and
17 (1m), and 149.16 of the statutes, as affected by this act, the Health Insurance
18 Risk–Sharing Plan Authority shall enter into a contract with the plan administrator
19 under section 149.16, 2003 stats., that has the same terms and conditions as the
20 contract under paragraph (a) and under which the plan administrator has the same
21 rights, duties, and obligations as it had under the contract under paragraph (a) and
22 the Health Insurance Risk–Sharing Plan Authority has the same rights, duties, and
23 obligations as the department of health and family services had under the contract
24 under paragraph (a). The contract under this paragraph shall have a term beginning
25 on July 1, 2006, and ending on the same date as the contract under paragraph (a)

would have ended had the contract not been terminated under paragraph (a). The department of health and family services, the plan administrator, and the Health Insurance Risk–Sharing Plan Authority shall cooperate with one another to ensure that the administration of the Health Insurance Risk–Sharing Plan continues without interruption after the termination of the contract under paragraph (a) and the commencement of the contract under this paragraph.

(2) TERMS OF INITIAL MEMBERS OF BOARD. Notwithstanding the length of terms specified for the members of the board of directors of the Health Insurance Risk–Sharing Plan Authority under section 149.41 (1) of the statutes, as created by this act, the initial members of the board of directors shall be appointed for the following terms:

(a) At the governor's discretion, one member appointed under section 149.41 (1) (a) of the statutes, one member appointed under section 149.41 (1) (b) of the statutes, and one member appointed under section 149.41 (1) (c) of the statutes for one–year terms.

(b) At the governor's discretion, 2 members appointed under section 149.41 (1) (a) of the statutes, 2 members appointed under section 149.41 (1) (b) of the statutes, and 2 members appointed under section 149.41 (1) (c) of the statutes, for 2–year terms.

(c) At the governor's discretion, one member appointed under section 149.41 (1) (a) of the statutes, one member appointed under section 149.41 (1) (b) of the statutes, and 2 members appointed under section 149.41 (1) (c) of the statutes, for 3–year terms.

SECTION 163. Appropriation changes.

1 (1) TRANSFERS FOR FUNDING HEALTH INSURANCE RISK–SHARING PLAN. The
2 unencumbered balance in the Health Insurance Risk–Sharing Plan fund under
3 section 25.55, 2003 stats., immediately before the effective date of this subsection,
4 and the unencumbered balances in the appropriation accounts under section 20.435
5 (4) (u), 2003 stats., and section 20.435 (4) (v), 2003 stats., immediately before the
6 effective date of this subsection, are transferred to the Health Insurance
7 Risk–Sharing Plan fund under section 149.11 (2) of the statutes, as affected by this
8 act.

9 (2) HEALTH INSURANCE RISK–SHARING PLAN.

10 (a) *Administration.* In the schedule under section 20.005 (3) of the statutes for
11 the appropriation to the department of health and family services under section
12 20.435 (4) (u) of the statutes, as affected by the acts of 2005, the dollar amount is
13 increased by $3,535,500 for fiscal year 2005–06 to fund the costs of the department
14 for administering the Health Insurance Risk–Sharing Plan until July 1, 2006, and
15 to increase the authorized FTE positions for the department by 4.83 SEG positions
16 for the period ending on July 1, 2006, for administration of the Health Insurance
17 Risk–Sharing Plan.

18 (b) *Program benefits.* In the schedule under section 20.005 (3) of the statutes
19 for the appropriation to the department of health and family services under section
20 20.435 (4) (v) of the statutes, as affected by the acts of 2005, the dollar amount is
21 increased by $78,643,800 for fiscal year 2005–06 to increase funding for the purposes
22 for which the appropriation is made.

23 **SECTION 164. Initial applicability.**

24 (1) RESIDENCY FOR THE HEALTH INSURANCE RISK–SHARING PLAN. The treatment
25 of section 149.10 (9) of the statutes first applies to persons who submit applications

for coverage under the Health Insurance Risk–Sharing Plan on the effective date of this subsection.

(2) PLAN DESIGN. The treatment of section 149.14 (3) (b), (c) 1., 2., and 3. (by SECTION 97), (e), (f), (m), (o), and (p), and (6) (a) and (b) of the statutes and the repeal and recreation of section 149.14 (4) and (5) of the statutes first apply to the plan year beginning on January 1, 2007.

(3) INCOME TAX EXEMPTIONS. The treatment of sections 71.07 (5g), 71.10 (4) (cp), 71.21 (4), 71.26 (2) (a), 71.28 (5g), 71.30 (3) (dm), 71.34 (1) (g), 71.45 (2) (a) 10., 71.47 (5g), 71.49 (1) (dm), 76.655, 76.67 (2), and 77.92 (4) of the statutes first applies to taxable years beginning on January 1, 2006.

(4) PREEXISTING CONDITION EXCLUSION. The treatment of section 149.14 (6) (a) and (b) of the statutes and the repeal and recreation of section 149.14 (4) (with respect to establishing preexisting condition exclusions) of the statutes first apply to persons who submit applications for coverage under the Health Insurance Risk–Sharing Plan on the effective date of this subsection.

SECTION 165. Effective dates. This act takes effect as follows:

(1) ADMINISTRATOR CONTRACT. SECTIONS 162 (1) (a) and 163 (2) of this act take effect on the day after publication.

(2) CREATION OF AUTHORITY; INSURER ASSESSMENT TAX CREDIT; MISCELLANEOUS. The treatment of sections 1.12 (1) (b), 13.172 (1), 13.62 (2), 13.94 (1) (b), (dh), and (g), 13.95 (intro.), 16.002 (2), 16.004 (4), (5), and (12) (a), 16.045 (1) (a), 16.15 (1) (ab), 16.41 (4), 16.417 (1) (a), 16.52 (7), 16.528 (1) (a), 16.53 (2), 16.54 (9) (a) 1., 16.70 (2), 16.72 (2) (e) (intro.) and (f), 16.75 (1m), (8) (a) 1. and 2., and (9), 16.765 (1), (2), (4), (5), (6), (7) (intro.) and (d), and (8), 16.85 (2), 16.865 (8), 71.07 (5g), 71.10 (4) (cp), 71.21 (4), 71.26 (2) (a), 71.28 (5g), 71.30 (3) (dm), 71.34 (1) (g), 71.45 (2) (a) 10., 71.47 (5g),

71.49 (1) (dm), 76.655, 76.67 (2), 77.92 (4), 101.055 (2) (a), 101.177 (1) (d), 149.10 (2j) (a) 3., (2t) (c), (3), (7), and (8), 149.12 (2) (g), 149.18, 149.25, 230.03 (3), 230.80 (4), and 895.65 (1) (c), subchapter I (title) of chapter 149, and subchapter II (title) of chapter 149 of the statutes, the creation of subchapter III of chapter 149 of the statutes, and SECTION 162 (1) (b) and (2) of this act take effect on January 1, 2006, or on the day after publication, whichever is later.

(3) TRANSFER OF ADMINISTRATION. The treatment of sections 20.145 (5), 20.435 (4) (u) and (v), 25.17 (1) (gf), 25.55 (intro.), (3), and (4), 149.10 (intro.), (1), (2), (2m), (3e), (9), and (10), 149.105, 149.11, 149.115, 149.12 (1) (intro.) and (a), (1m), (3) (a) and (c), (4), and (5), 149.13 (1), (3) (a) and (b), and (4), 149.14 (1) (a), (2) (a), (3) (intro.), (c) 3. (by SECTION 96), and (d), (4c), (4m), (5m), (7) (b) and (c), and (8), 149.141, 149.142 (1) (a) and (b) and (2), 149.143, 149.144, 149.145, 149.146 (1) (a) and (b) and (2) (a), (am), and (b), 149.15, 149.16, 149.165 (1), (2) (a) (intro.) and (bc), (3) (a) and (b) (intro.), (3m), and (4), 149.17 (1), (2), and (4), 149.175, 149.20, 601.41 (1), 601.415 (12), 601.64 (1), (3) (a) and (c), and (4), 613.03 (4), 631.20 (2) (f), 632.785 (title), and subchapter IV of chapter 149 of the statutes, the repeal of sections 149.14 (5) (d) and (e) and 149.40 of the statutes, the renumbering and amendment of section 149.12 (2) (f) of the statutes, the amendment of section 149.14 (4) (d) and (m) and (5) (b) and (c) of the statutes, the creation of section 149.12 (2) (f) 2. of the statutes, and SECTIONS 163 (1) and 164 (1) of the statutes take effect on July 1, 2006.

(4) PLAN DESIGN. The treatment of section 149.14 (3) (b), (c) 1., 2., and 3. (by SECTION 97), (e), (f), (m), (o), and (p), and (6) (a) and (b) of the statutes, the repeal and recreation of section 149.14 (4) and (5) of the statutes, and SECTION 164 (2) and (4) of this act take effect on January 1, 2007.

(END)