

WISCONSIN STATE
LEGISLATURE
COMMITTEE HEARING
RECORDS

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

**Committee on
Agriculture and
Insurance
(SC-AI)**

File Naming Example:

Record of Comm. Proceedings ... RCP

- 05hr_AC-Ed_RCP_pt01a
- 05hr_AC-Ed_RCP_pt01b
- 05hr_AC-Ed_RCP_pt02

Published Documents

➤ Committee Hearings ... CH (Public Hearing Announcements)

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Record of Comm. Proceedings ... RCP

➤ **

*Information Collected For Or
Against Proposal*

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

**

➤ Hearing Records ... HR (bills and resolutions)

➤ **95hr_sb0550_SC-AI_pt01**

➤ Miscellaneous ... Misc

➤ **

Vote Record
Committee on Agriculture and Insurance

Date: 3-6-06

Moved by: Olsen

Seconded by: Brown

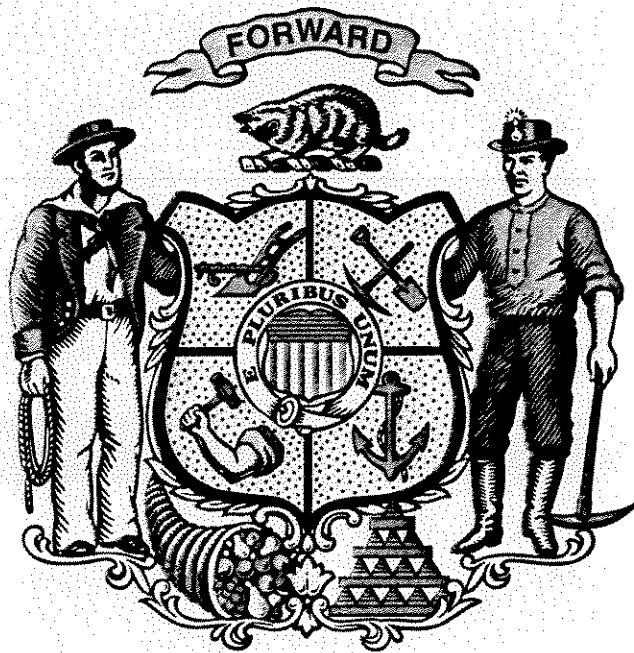
AB _____ SB 550 Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:
 Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrency

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Dan Kapanke, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Neal Kedzie	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Ronald Brown	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Luther Olsen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Jon Erpenbach	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator David Hansen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Mark Miller	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>7</u>	<u>1</u>	_____	_____

Motion Carried Motion Failed





State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Jorge Gomez, Commissioner

Wisconsin.gov

March 31, 2004

121 East Wilson Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3565 • Fax: (608) 266-8935
E-Mail: information@oci.state.wi.us
Web Address: oci.wi.gov

Dear Plan Insured:

The Board of Governors of the Wisconsin Health Care Liability Insurance Plan (Plan), voted at its December 2003 meeting to distribute excess surplus to insureds in accordance with s. 619.04(6) Wis. Stat. The Board voted to distribute funds accumulated by the Plan in excess of 100% of risk-based capital requirements as of December 31, 2003. The excess surplus is a result of prior years' favorable experience and investment income, and is a combination of premium dollars paid and investment income earned on those dollars. Consult your tax adviser regarding the proper reporting of this distribution.

In accordance with the direction of the Board of Governors, the Plan is distributing excess surplus to insureds with policies having effective dates during the following years: 1975 through 1979 and 1984 through 1990. These are the years in which the Plan's experience was favorable (the years in which surplus was generated). Pursuant to statutory requirements, the checks are being issued to the policyholders of record for the years noted.

Your aggregate premium was compared to the total premium paid by all eligible insureds for each year. The resulting proportion was applied to the net surplus being distributed to insureds in determining your share of the surplus being distributed for each year. The enclosed check is the total of your proportionate share for each of the years you participated in the Plan between 1975 through 1979 and 1984 through 1990.

Because the Plan's records reflect addresses that are up to 28 years old, we expect many checks to be undeliverable. If you know of anyone who was insured by the Plan during the years that are eligible for the distribution but did not receive a check, encourage them to contact the Plan.

Any questions that you may have regarding this refund should be directed to the Plan at:

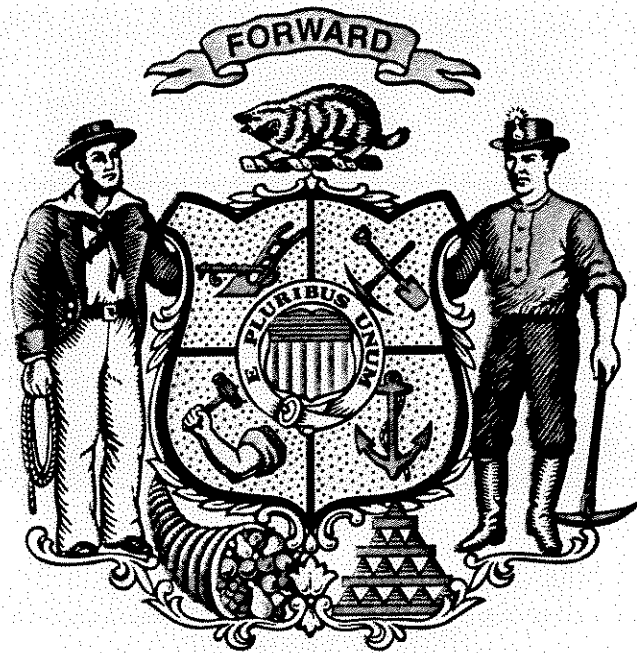
Phone: (715) 842-6418
E-Mail: whclip@wausau.com

Or, contact Theresa Wedekind at the Office of the Commissioner of Insurance:

Phone: (608) 266-0953
E-Mail: theresa.wedekind@oci.state.wi.us

Sincerely,


Jorge Gomez
Commissioner





Sixteenth Street
COMMUNITY HEALTH CENTER

February 28, 2006

Senator Dan Kapanke
P.O. Box 7882
Madison, WI 53707-7882

Dear Senator Kapanke:

Thank you for scheduling action on Senate Bill 550 relating to return of funds in excess of surplus and incurred liabilities.

I am writing to ask your support for this legislation with the addition of one corrective amendment. Passage of this legislation will not only correct an unfair practice, but will relieve our agency and other medical providers in similar situations, of burdensome paperwork and countless, needless hours of accounting staff time.

Let me explain our situation. As a private, non-profit agency, Sixteenth Street Community Health Center has, in the past, purchased malpractice insurance for our medical providers from the Wisconsin Health Care Liability Insurance Plan (WHCLIP). Sixteenth Street paid the premiums to WHCLIP for this coverage for our medical provider employees.

According to current state law, WHCLIP must distribute any excess funds they accrue that are "in excess of surplus and incurred liabilities". Current law also specifies that the excess funds must be returned to "the insureds".

Although in some instances, "the insureds" may be the medical providers who purchased their own coverage. In our case, Sixteenth Street purchased the coverage for our employees and paid the premiums. Any excess funds that have accumulated, should be distributed back to Sixteenth Street, instead of the covered employees.

Recent distributions from WHCLIP that have been returned to current and former employees have resulted in an un-anticipated tax liability for them. Several have had to file amended tax returns because they did not know the money would be coming back to them.

Several of these physicians have donated the bulk of the money they received back to Sixteenth Street, because, they acknowledge that the money should be paid back to the agency that purchased the insurance coverage for them. Sixteenth Street accounting staff then verifies these donations as charitable contributions, minus the amount of the providers' increased tax liability, that the provider has had to pay.

It is way too complicated, and a simple statute change would help a lot.

In 2004 and 2005, more than \$28,000 has been returned to Sixteenth Street because former (and some current) employees acknowledge that although they may have received these distributions legally, they weren't really entitled to them. This amount would have been higher if every affected employee had elected to return the distributions they received to us.

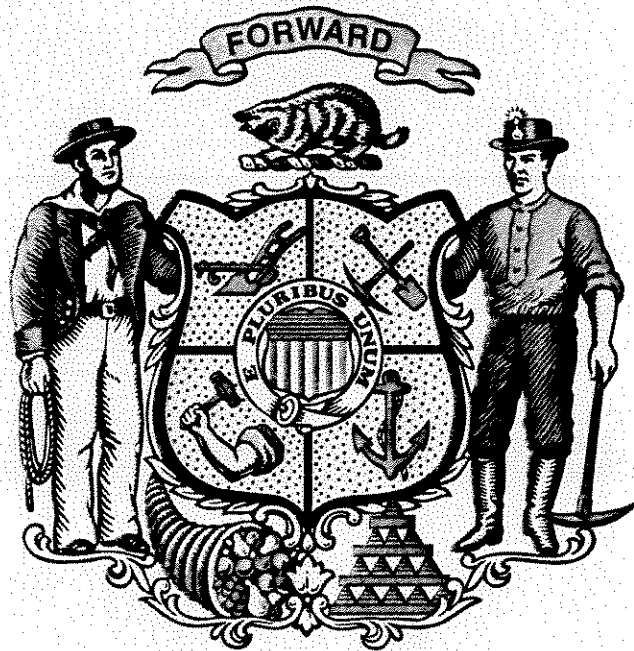
The Section 2. Initial Applicability portion of the bill makes the legislation meaningless for Sixteenth Street, and does not correct the problem for our current and past staff members who are no longer insured under WHCLIP.

I ask that you strike Section 2 from the bill and move it forward to a vote. Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "John J. Bartkowski".

John J. Bartkowski, DrPH
President & Chief Executive Officer





Senator Alberta Darling
Room 316 South
State Capitol
Madison WI 53707
608-266-5830

Representative Curt Gielow
Room 316 North
State Capitol
Madison WI 53708
608-266-0486

Wisconsin Legislature

Testimony on Senate Bill 550

Senate Committee on Agriculture and Insurance – March 1st, 2006

Mr. Chairman and members: I am John Reinemann, aide to Rep. Curt Gielow. Rep. Gielow is the lead Assembly author on SB 550. He and the lead Senate author, Sen. Alberta Darling, are both unable to be here today to testify on SB 550 and I am here to represent both of them.

SB 550 and its Assembly companion AB 737 were introduced at the request of the 16th Street Community Health Center in Milwaukee. Many of the legislative offices in the Milwaukee delegation know the 16th Street Center and the good work that they do.

The Center of course employs physicians, and as a term of employment the Center pays the premiums on their doctors' medical malpractice liability insurance. Many of the Center's physicians obtain coverage from a state plan, the Wisconsin Health Care Liability Insurance Plan, known commonly as WHCLIP (pronounced "wye-clip").

Premiums for coverage for physicians under the plan are prospective (charged upfront for future coverage) and based on expected risk. Often, actual losses incurred by the fund are less than expected, resulting in "excess funds" having been paid to cover claims that never materialize.

Current law specifies how the WHCLIP Board of Governors is to handle and distribute accumulated excess funds in the health care liability fund for health care providers. The Board receives staff support in this mission from the staff of the Office of the Commissioner of Insurance (OCI).

Current law requires excess funds (per a specified formula) to be returned to the "insureds" by OCI. The insured is in effect the "physician" who was covered by the liability insurance plan. In many cases (as noted), the insured was an employee of a health care agency, corporation or other organization that paid the physician's liability insurance premiums.

MORE . . .

(Continued)

In the case of the 16th Street Center and many other clinics in the state, the payer of the premiums is the clinic, NOT the physician personally. However, OCI returns excess premiums to the physician. OCI has not historically had a need to keep track of who wrote the check that covered the premium; they need to keep records on who the "insured party" is, and that is (again) the physician being covered and not necessarily the entity paying the premium.

This bill authorizes the return of this excess money to the person or persons who paid the premiums.

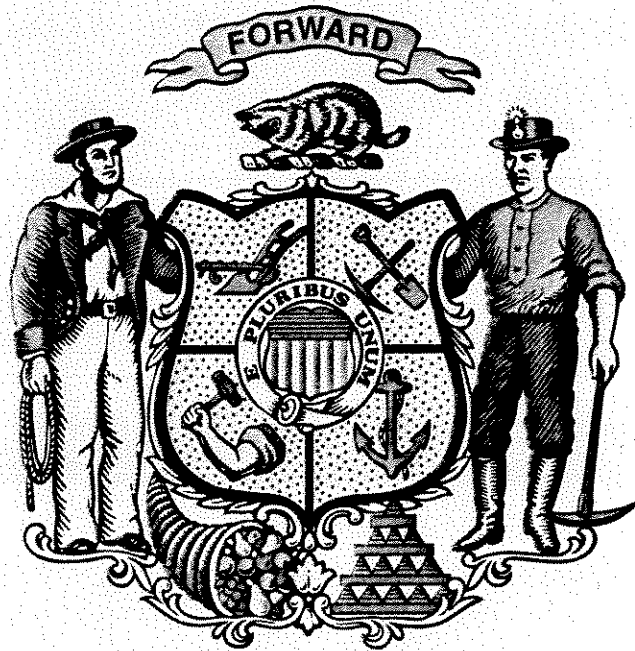
Most physicians do the honorable thing and pass the amount back to the clinic or hospital that paid their premiums; some, however, do not.

Milwaukee's 16th Street Center ALONE reports that the amount of money returned to physicians it insured, is nearing \$100,000 over the last several years.

OCI objected to the initial version of AB 737, saying that it did not have records on who had paid premiums in the past. Rep. Gielow plans to amend AB 737 to make that bill prospective, i.e. to make the new refund rules apply to premiums paid in the future and not in the past. SB 550 has included this provision from the beginning, in Section 2 of the bill, the section on initial applicability.

We thank the chair for hearing this bill today, and we urge the committee's support of SB 550.

I'd be happy to take any questions.



Perlich, John H.

From: Rep.Gielow
Sent: Friday, March 03, 2006 11:27 AM
To: Sen.Kapanke
Cc: Perlich, John H.
Subject: SB 550

Senator: Thank you for holding a public hearing on SB 550 in the Senate Committee on Agriculture and Insurance this week.

I am writing to ask that your committee act on SB 550 as introduced.

I know, of course, that the 16th Street Community Health Center (for whom I wrote this bill) testified that they would prefer to see SB 550 pass in a form amended to make the bill retrospective, like AB 737. As my aide John explained in the hearing, OCI seemingly does not have the necessary information to comply with such a requirement.

Faced with a bill they cannot comply with, I expect that OCI would ask for a veto of the bill. I would rather see SB 550 pass as written – with an effect only into the future, not the past – and have other groups have the benefit of the new law prospectively, since change in the future is I think better than no change at all. I know that Covenant Healthcare registered in support of SB 550 as written and I know the bill would help other organizations as well.

I'm sorry that this bill can't solve the issues faced by the 16th Street Community Health Center, for whom I wrote this bill; but given OCI's situation I don't think legislation that meets the needs of the 16th Street Center is possible.

I can't see letting the "unattainable perfect" become the enemy of the "attainable good," and so I ask you to hold a vote in your committee for passage of SB 550 as introduced, with no amendments. Thank you.

Rep. Curt Gielow

recommend AB 1021 for passage.

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