

2009 DRAFTING REQUEST

Bill

Received: 12/18/2008

Received By: pkahler

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Willing

This file may be shown to any legislator: NO

Drafter: pkahler

May Contact:

Addl. Drafters:

Subject: Insurance - miscellaneous
Public Assistance - med. assist.
Dom. Rel. - child support/maint.

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Willing, BB0275 -

Topic:

Insurance payment intercept

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 12/18/2008	bkraft 12/19/2008		_____			S&L
/1			rschluet 12/22/2008	_____	sbasford 12/22/2008		

FE Sent For:

<END>

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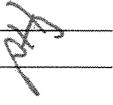
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/?	pkahler	1 bjk 12/19					

FE Sent For:

<END>

PJK

2009-11 Budget Bill Statutory Language Drafting Request

- Topic: Insurance Payment Intercept
- Tracking Code: BB0275
- SBO team: Health and Insurance
- SBO analyst: Krista Willing
 - Phone: 267-7980
 - Email: krista.willing@wisconsin.gov
- Agency acronym: DHS
- Agency number: 435
- Priority (Low, Medium, High): High

Intent:

Create an insurance payment intercept for MA liability or Child Support Obligations.

This was drafted for the last budget. It was LRB-1548. I have attached the draft. Let me know if you have any questions.

DOA:.....Pink, BB0375 – Insurance payment intercept for MA liability or
child support obligation

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

Under current law, DHFS, which administers the Medical Assistance (MA) program, may recover incorrect payments that were made for health care services under MA that resulted from a misstatement or omission of fact by a person supplying information in an application for benefits, from the failure of a person to report the receipt of income or assets in an amount that would have affected a recipient's eligibility for benefits, or from the failure of a person to report changes in a recipient's financial or nonfinancial situation or eligibility characteristics that would have affected the recipient's eligibility for benefits or his or her cost-sharing requirements. If DHFS provides any medical assistance to a person as a result of an injury, for example, that was caused by a third party, DHFS may recover from the third party the amount of the medical assistance provided. Also under current law, if an individual who is obligated to pay court-ordered child or family support or maintenance (support) has an overdue support obligation because of a failure to pay, his or her name, social security number, and amount of support owed is posted on a statewide support lien docket.

This bill requires every insurer authorized to do business in this state, before paying any claim of \$500 or more, to verify with DHFS that the individual to whom

the claim is to be paid does not owe an amount that was paid under MA incorrectly or an amount that DHFS may recover because of medical assistance provided to another person (medical assistance liability) and to check the statewide support lien docket to ensure that the individual does not have an overdue support obligation (support liability). If the individual has a support liability, the insurer must pay the claim proceeds, up to the amount of the support liability, to DWD. If the individual has a medical assistance liability, the insurer must pay the claim proceeds, up to the amount of the medical assistance liability, to DHFS. If the individual has both liabilities, the support liability must be paid first. After any liability is paid, the individual is paid any claim proceeds that remain.

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.** 49.895 of the statutes is created to read:

2 **49.895 Insurance claim intercept. (1)** In this section:

3 (a) “Medical assistance liability” means an amount that the department of
4 health and family services may recover under s. 49.497, 49.847, or 49.89.

5 (b) “Support liability” means an amount that is entered in the statewide
6 support lien docket under s. 49.854.

7 **(2)** Before paying an insurance claim of \$500 or more to any individual, an
8 insurer that is authorized to do business in this state shall do all of the following:

9 (a) Verify with the department of health and family services, in the manner
10 required by the department, whether the individual to whom the claim is to be paid
11 has a medical assistance liability.

12 (b) Check the statewide support lien docket to determine whether the
13 individual to whom the claim is to be paid has a support liability.



DOA:.....Pink, BB0375 - Insurance payment intercept for MA liability or child support obligation

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

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1 AN ACT relating to: the budget.

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HEALTH AND HUMAN SERVICES

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This bill requires every insurer authorized to do business in this state, before paying any claim of \$500 or more, to verify with DHFS that the individual to whom

(support)

or maintenance

the claim is to be paid does not owe an amount that was paid under MA incorrectly or an amount that DHFS may recover because of medical assistance provided to another person (medical assistance liability) and to check the statewide support lien docket to ensure that the individual does not have an overdue support obligation (support liability). If the individual has a support liability, the insurer must pay the claim proceeds, up to the amount of the support liability, to ~~DWD~~. If the individual has a medical assistance liability, the insurer must pay the claim proceeds, up to the amount of the medical assistance liability, to DHFS. If the individual has both liabilities, the support liability must be paid first. After any liability is paid, the individual is paid any claim proceeds that remain.

or maintenance
DCF

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

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2 **49.895 Insurance claim intercept.** (1) In this section:

3 (a) "Medical assistance liability" means an amount that the department of
4 health and family services may recover under s. 49.497, 49.847, or 49.89.

5 (b) "Support liability" means an amount that is entered in the statewide
6 support lien docket under s. 49.854.

7 (2) Before paying an insurance claim of \$500 or more to any individual, an
8 insurer that is authorized to do business in this state shall do all of the following:

9 (a) Verify with the department of health and family services, in the manner
10 required by ^{that} the department, whether the individual to whom the claim is to be paid
11 has a medical assistance liability.

12 (b) Check the statewide support lien docket to determine whether the
13 individual to whom the claim is to be paid has a support liability.

children and families

(3) If an individual to whom a claim of \$500 or more is to be paid has a support liability or a medical assistance liability, or both, the insurer shall distribute the claim proceeds as follows:

(a) First, if there is a support liability, to the department of workforce development to pay the support liability, up to the amount of the support liability or the amount of the claim, whichever is less.

(b) Next, if there is a medical assistance liability, to the department of health and family services to pay the medical assistance liability, up to the amount of the medical assistance liability or the amount of the claim proceeds remaining, whichever is less.

(c) Last, to the individual, the remainder of the claim proceeds, if any.

(4) The department of health and family services shall promulgate rules for the administration of this section, including procedures for insurers to follow and any notice and hearing requirements. Notwithstanding s. 227.24 (3), the rules under this subsection may be promulgated as emergency rules under s. 227.24 without a finding of emergency.

SECTION 9329. Initial applicability; Health and Family Services.

(1) INSURANCE CLAIM INTERCEPT. If any insurance policy that is in effect on the effective date of this subsection contains a provision that is inconsistent with the treatment of section 49.895 of the statutes, the treatment of section 49.895 of the statutes first applies to that policy on the date on which it is renewed.

(END)

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26 B

Insurance B

and 628.47

and 628.47

2009-2010 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1209/ins
PJK:.....

INSERT 3-16

- 1 **SECTION 1.** 628.47 of the statutes is created to read:
- 2 **628.47 Requirement before paying certain claims.** Before paying an
- 3 insurance claim of \$500 or more to any individual, an insurer shall comply with s.
- 4 49.895.

(END OF INSERT 3-16)



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1209/1

PJK:bjk:rs

DOA:.....Willing, BB0275 - Insurance payment intercept

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

Under current law, DHS, which administers the Medical Assistance (MA) program, may recover incorrect payments that were made for health care services under MA that resulted from a misstatement or omission of fact by a person supplying information in an application for benefits, from the failure of a person to report the receipt of income or assets in an amount that would have affected a recipient's eligibility for benefits, or from the failure of a person to report changes in a recipient's financial or nonfinancial situation or eligibility characteristics that would have affected the recipient's eligibility for benefits or his or her cost-sharing requirements. If DHS provides any medical assistance to a person as a result of an injury, for example, that was caused by a third party, DHS may recover from the third party the amount of the medical assistance provided. Also under current law, if an individual who is obligated to pay court-ordered child or family support (support) or maintenance has an overdue support or maintenance obligation because of a failure to pay, his or her name, social security number, and amount of support or maintenance owed is posted on a statewide support lien docket.

This bill requires every insurer authorized to do business in this state, before paying any claim of \$500 or more, to verify with DHS that the individual to whom the claim is to be paid does not owe an amount that was paid under MA incorrectly

or an amount that DHS may recover because of medical assistance provided to another person (medical assistance liability) and to check the statewide support lien docket to ensure that the individual does not have an overdue support or maintenance obligation (support liability). If the individual has a support liability, the insurer must pay the claim proceeds, up to the amount of the support liability, to DCF. If the individual has a medical assistance liability, the insurer must pay the claim proceeds, up to the amount of the medical assistance liability, to DHS. If the individual has both liabilities, the support liability must be paid first. After any liability is paid, the individual is paid any claim proceeds that remain.

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.** 49.895 of the statutes is created to read:

2 **49.895 Insurance claim intercept.** (1) In this section:

3 (a) "Medical assistance liability" means an amount that the department of
4 health services may recover under s. 49.497, 49.847, or 49.89.

5 (b) "Support liability" means an amount that is entered in the statewide
6 support lien docket under s. 49.854.

7 (2) Before paying an insurance claim of \$500 or more to any individual, an
8 insurer that is authorized to do business in this state shall do all of the following:

9 (a) Verify with the department of health services, in the manner required by
10 that department, whether the individual to whom the claim is to be paid has a
11 medical assistance liability.

12 (b) Check the statewide support lien docket to determine whether the
13 individual to whom the claim is to be paid has a support liability.

14 (3) If an individual to whom a claim of \$500 or more is to be paid has a support
15 liability or a medical assistance liability, or both, the insurer shall distribute the
16 claim proceeds as follows:

1 (a) First, if there is a support liability, to the department of children and
2 families to pay the support liability, up to the amount of the support liability or the
3 amount of the claim, whichever is less.

4 (b) Next, if there is a medical assistance liability, to the department of health
5 services to pay the medical assistance liability, up to the amount of the medical
6 assistance liability or the amount of the claim proceeds remaining, whichever is less.

7 (c) Last, to the individual, the remainder of the claim proceeds, if any.

8 (4) The department of health services shall promulgate rules for the
9 administration of this section, including procedures for insurers to follow and any
10 notice and hearing requirements. Notwithstanding s. 227.24 (3), the rules under this
11 subsection may be promulgated as emergency rules under s. 227.24 without a finding
12 of emergency.

13 **SECTION 2.** 628.47 of the statutes is created to read:

14 **628.47 Requirement before paying certain claims.** Before paying an
15 insurance claim of \$500 or more to any individual, an insurer shall comply with s.
16 49.895.

17 **SECTION 9326. Initial applicability; Insurance.**

18 (1) **INSURANCE CLAIM INTERCEPT.** If any insurance policy that is in effect on the
19 effective date of this subsection contains a provision that is inconsistent with the
20 treatment of sections 49.895 and 628.47 of the statutes, the treatment of sections
21 49.895 and 628.47 of the statutes first applies to that policy on the date on which it
22 is renewed.

23 (END)