



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2009 Wisconsin Act 165
[2009 Senate Bill 471]

**Health Care Plans Operated by
Cooperative Associations**

2009 Wisconsin Act 165 makes various changes to ch. 185, Stats., relating to cooperatives. The changes primarily relate to that chapter's outdated references to "sickness care plans," as well as updating the statutes to reflect the way that health care plans of cooperatives currently operate.

Under Act 165, the name of the plans that cooperative associations may establish and operate is changed from "sickness care plans" to "health care plans." The Act also specifies that establishing and maintaining these plans may be the primary, as opposed to exclusive, purpose of the cooperative association.

Prior law provides that cooperative associations may provide benefits only to their members. The Act allows a cooperative association to offer its services to nonmembers, too. However, the Act specifies that providing care to others is not one of a cooperative association's "primary" purposes. The Act adds that nothing in the statutes that specifies that the purpose of the cooperative association is primarily to establish and operate a health care plan precludes a cooperative association from owning an interest in other entities for improving member services or for investment.

Prior law prohibits a contract by or on behalf of a cooperative association from providing for the payment of cash or other material benefit to a subscriber or the subscriber's estate on account of death, illness, or injury. The Act specifically allows a cooperative association to make a payment in cash, indemnity, or other material benefit for a purpose that is incidental to its plans, including for the purpose of administering coordination of benefits.

Prior law provides that cooperative associations may enter into contracts for services with physicians and surgeons, optometrists, chiropractors, and dentists. The Act also allows contracts with other types of healthcare providers.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

Under prior law, a cooperative association may not spend more than 5% of capital stock or membership fees on promotional expenses. The Act provides that this limit does not apply to a cooperative association operating a health care plan.

Prior law prohibits a contract by or on behalf of a cooperative association from providing for the payment of cash or other material benefit to a subscriber or the subscriber's estate on account of death, illness, or injury. The Act eliminates this provision.

Under prior law, a cooperative association may stipulate in a plan that it will pay a nonparticipating physician and surgeon, optometrist, chiropractor, or dentist outside of the cooperative association's normal territory for care rendered to a member or a member's covered dependent who needs the care when he or she is outside the cooperative association's territory in which the plan benefits are normally available. Under the Act, a cooperative association may stipulate in its plans that it will pay a nonparticipating physician and surgeon, optometrist, chiropractor, dentist, or other provider for health care rendered to a covered person, without limitation to being outside the association's normal territory.

Finally, the Act makes various technical changes, such as conforming the language to current statutory drafting practice and eliminating redundant provisions.

Effective date: Act 165 takes effect on March 30, 2010.

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