

EXISTING ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis

Repeal Modification

2. Administrative Rule Chapter, Title and Number

Ins 17.50, Wis. Admin. Code, Self-insured plans for health care providers.

3. Date Rule promulgated and/or revised; Date of most recent Evaluation

January 1, 1990 when it was first created. There have been no revisions prior to this proposed rule.

4. Plain Language Analysis of the Rule, its Impact on the Policy Problem that Justified its Creation and Changes in Technology, Economic Conditions or Other Factors Since Promulgation that alter the need for or effectiveness of the Rule.

The proposed rule implements s. 655.23, Stats., that requires health care providers to self-insure or maintain insurance for the provider's health care liability coverage for purposes of effecting the coverage of the Injured Patients and Families Compensation Fund (Fund). The proposed rule defines "affiliated health care providers" to be two or more health care providers that are either legal entities or are employed by one or more legal entities over which operating control is exercised and whose incomes are consolidated with the controlling legal entity in audited financial statements under generally accepted accounting principles (GAAP). The term "provider" is amended to include, unless otherwise specified, both individual or affiliated health care providers. The rule modifies the initial filing and funding requirements for providers to reflect the submission of GAAP statements on a consolidated basis and the preclusion of affiliated health care provider's ability to use letters of credit for initial funding. The rule also creates new provisions specifically addressing the minimum funding level for affiliated health care providers as the greater of \$2,000,000 or the amount of the actuarial estimate.

5. Describe the Rule's Enforcement Provisions and Mechanisms

Section Ins 17.50 (12) and (13), Wis. Admin. Code, address compliance and regulatory oversight and remain unchanged by the proposed rule amendments.

6. Repealing or Modifying the Rule Will Impact the Following
(Check All That Apply)

State's Economy
 Local Government Units

Specific Businesses/Sectors
 Public Utility Rate Payers
 Small Businesses

7. Summary of the Impacts, including Compliance Costs, identifying any Unnecessary Burdens the Rule places on the ability of Small Business to conduct their Affairs.

The impact of this amendment should be negligible to small businesses that are directly or indirectly affected by the rule. The rule changes permit smaller entities to self-insure if that is desired and may be more cost effective for the entity. The proposed rule retains current funding levels for individual or small business health care providers. As funding will not change, the proposed rule should have little to no affect other than positive to non-health care small businesses.

8. List of Small Businesses, Organizations and Members of the Public that commented on the Rule and its Enforcement and a Summary of their Comments.

The Office sought comments from all of the following:

Wisconsin Hospital Association
Medical Society of Wisconsin
Health and Life Advisory Council Members
Members of the Board of Governors for the Fund
Wisconsin Restaurant Association
Wisconsin Chiropractic Association
Wisconsin Counties Association
Thrivent Insurance
The Alliance
Humana Insurance
United Healthcare

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Independent Insurance Agents of Wisconsin
Sentry Insurance
Anthem Blue Cross
Medical College of Wisconsin
Capitol Consultants
National Federal of Independent Business Association
Ministry Healthcare
Interested members of the public

No comments were received.

9. Did the Agency consider any of the following Rule Modifications to reduce the Impact of the Rule on Small Businesses in lieu of repeal?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe: The Office retained existing requirements that small businesses would need to comply with rather than increasing or otherwise modifying financial requirements for those providers.

10. Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

11. Chapter 20, Stats. Appropriations Affected

None

12. Fiscal Effect of Repealing or Modifying the Rule

- No Fiscal Effect Increase Existing Revenues Increase Costs
 Indeterminate Decrease Existing Revenues Could Absorb Within Agency's Budget
 Decrease Cost

13. Summary of Costs and Benefits of Repealing or Modifying the Rule

There is no cost to modifying this rule. The rule implements existing state law and makes possible larger health care entities with affiliated provider wanting to self-insure the ability to do so in a manner that is not cost prohibitive. Specifically, without the proposed rule large health care providers comprised of several hospitals, clinics and physicians were required to separate the business with each unique health care provider self-insuring rather than as proposed in this rule, the ability of that same health care system to self-insure affiliated providers in one self-insured plan.

14. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No

15. Long Range Implications of Repealing or Modifying the Rule

The implications of the modified rule include possible increase in the number of registered self-insured affiliated health care providers but the Office is able to absorb the increase without additional staffing or funds.

16. Compare With Approaches Being Used by Federal Government

There is no comparable approach at the federal level as there is no similar Fund at the federal level.

17. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

No neighboring states have comparable Funds.

18. Contact Name

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19. Contact Phone Number

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