



## 2003 ASSEMBLY BILL 754

January 14, 2004 – Introduced by Representatives ALBERS, GRONEMUS, GUNDERSON, HAHN, HINES, KRAWCZYK, MUSSER, OLSEN, OTT and SERATTI, cosponsored by Senator SCHULTZ. Referred to Committee on Health.

1     **AN ACT** *to repeal* 149.16 (5); *to renumber and amend* 149.16 (1m); *to amend*  
2             149.15 (3) (g) and 149.16 (title); and *to create* 149.142 (3), 149.16 (1m) (a) 1.,  
3             149.16 (1m) (a) 2., 149.16 (1m) (a) 3., 149.16 (1m) (a) 4., 149.16 (1m) (b), 149.16  
4             (3m), 149.16 (4m) and 149.16 (5m) of the statutes; **relating to:** contracting for  
5             administrative services for the Health Insurance Risk-Sharing Plan.

---

### ***Analysis by the Legislative Reference Bureau***

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 the human immunodeficiency virus, and 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. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP is administered by the Department of Health and Family Services (DHFS), in conjunction with a plan administrator and a board of governors (board). Under current law, DHFS may select the plan administrator in a competitive bidding process.

This bill requires DHFS and the board to select a plan administrator together in a competitive, request-for-proposals process. Under the bill, the board must establish an oversight committee to assist in the awarding of administrative services

**ASSEMBLY BILL 754**

contracts. DHFS and the board, upon the recommendation of the administrative services contracts committee, must develop and issue a request for proposals, evaluate proposals, request and evaluate best and final offers, and select a plan administrator and award a contract. The plan administrator contracts awarded under the new selection process must have three-year terms running from July 1 to June 30, but DHFS and the board may negotiate up to two one-year extensions. The start work date of the first contract awarded under the new selection process may not be later than July 1, 2004. The bill also provides that DHFS and the board may together, using competitive request-for-proposals processes, award contracts for administrative services that are not provided by the plan administrator, such as legal and actuarial services; that all administrative services contracts are between the board and the person providing the services under the contract; and that administration of any contract may not be limited to a particular geographic location in the state.

The bill makes one other change to HIRSP. Under current law, the costs of HIRSP are paid through a combination of premiums, insurer assessments, and health care provider payment rate discounts, all of which may be adjusted during the plan year to cover any deficits. The bill provides that, whenever a claim is processed for payment, any discount or later adjustment to the provider's payment rate must be calculated and applied on a per-claim basis and disclosed on the explanation-of-benefits form provided to the covered person and to the provider.

For further information see the *state* 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.** 149.142 (3) of the statutes is created to read:

2           149.142 (3) Whenever a claim is processed for payment, the adjustment of a  
3           provider's payment rate under sub. (1) and any adjustment under s. 149.143 or  
4           149.144 shall be calculated and applied on a per-claim basis. The adjustment shall  
5           be disclosed on the explanation of benefits form provided to the eligible person and  
6           to the provider.

7           **SECTION 2.** 149.15 (3) (g) of the statutes is amended to read:

8           149.15 (3) (g) Establish oversight committees to address various  
9           administrative issues, such as financial management of the plan and plan  
10          administrator, the awarding of administrative services contracts, and contract

**ASSEMBLY BILL 754**

1 performance standards. A representative of the department may not be the  
2 chairperson of any committee established under this paragraph.

3 **SECTION 3.** 149.16 (title) of the statutes is amended to read:

4 **149.16 (title) Plan administrator; administrative services.**

5 **SECTION 4.** 149.16 (1m) of the statutes, as created by 2003 Wisconsin Act 33,  
6 is renumbered 149.16 (1m) (a) (intro.) and amended to read:

7 149.16 **(1m)** (a) (intro.) The plan administrator ~~may~~ shall be selected by the  
8 department and the board together in a competitive ~~bidding request-for-proposals~~  
9 process. The department and the board, upon the recommendation of the  
10 administrative services contracts committee established under s. 149.15 (3) (g), shall  
11 do all of the following:

12 **SECTION 5.** 149.16 (1m) (a) 1. of the statutes is created to read:

13 149.16 **(1m)** (a) 1. Develop and issue a request for proposals to be used to solicit  
14 contract proposals.

15 **SECTION 6.** 149.16 (1m) (a) 2. of the statutes is created to read:

16 149.16 **(1m)** (a) 2. Evaluate technical proposals and accompanying cost  
17 proposals submitted in response to the request for proposals.

18 **SECTION 7.** 149.16 (1m) (a) 3. of the statutes is created to read:

19 149.16 **(1m)** (a) 3. Request and evaluate best and final offers.

20 **SECTION 8.** 149.16 (1m) (a) 4. of the statutes is created to read:

21 149.16 **(1m)** (a) 4. Select a plan administrator and award a contract for plan  
22 administration.

23 **SECTION 9.** 149.16 (1m) (b) of the statutes is created to read:

24 149.16 **(1m)** (b) 1. Any contract awarded under this subsection shall have a  
25 term of 3 years, beginning on July 1 and ending on June 30 of the 3rd year beginning

**ASSEMBLY BILL 754****SECTION 9**

1 after the year in which the contract commences. The start-work date of the initial  
2 contract awarded under this subsection may not be later than July 1, 2004.

3 2. Notwithstanding subd. 1, the department and the board may negotiate not  
4 more than 2 one-year extensions of a contract described under subd. 1.

5 3. Notwithstanding subs. 1. and 2., the department and the board may provide  
6 in a contract awarded under this subsection that the contract may be extended  
7 beyond its 3-year term or a one-year extension in order to facilitate the transition  
8 to administration of the plan by a succeeding plan administrator.

9 **SECTION 10.** 149.16 (3m) of the statutes is created to read:

10 149.16 **(3m)** The plan administrator shall submit regular reports to the  
11 department, the board, and the committees and subcommittees established under  
12 s. 149.15 (3) (g) regarding the operation of the plan. The frequency, content, form,  
13 and distribution of the reports shall be determined by the department, the board, and  
14 the committees and subcommittees of the board, as appropriate.

15 **SECTION 11.** 149.16 (4m) of the statutes is created to read:

16 149.16 **(4m)** The department and the board together may award contracts for  
17 administrative and other services that are not provided by the plan administrator  
18 under the contract under sub. (1m), such as legal, actuarial, auditing, and  
19 prescription drug benefit management services. A competitive,  
20 request-for-proposals process that is consistent with the process used for awarding  
21 a contract under sub. (1m) shall be used for awarding any contract under this  
22 subsection. Any contract under this subsection shall be between the board and the  
23 person providing services under the contract.

24 **SECTION 12.** 149.16 (5) of the statutes is repealed.

25 **SECTION 13.** 149.16 (5m) of the statutes is created to read:

**ASSEMBLY BILL 754**

1           149.16 **(5m)** Any contract under sub. (1m) or (4m) shall be between the board  
2           and the person providing the services under the contract. All contracts under subs.  
3           (1m) and (4m) shall be administered in this state but the place at which any contract  
4           is administered may not be limited to a particular geographic location in the state.

5

**(END)**