



1995 ASSEMBLY BILL 1044

March 18, 1996 - Introduced by Representatives UNDERHEIM, WOOD, ALBERS, ROBSON, OURADA, PROSSER, JENSEN, FOTI, URBAN, PORTER, OTTE, BRANDEMUEHL and ZIEGELBAUER. Referred to Committee on Insurance, Securities and Corporate Policy.

1 **AN ACT to amend** 20.145 (7) (a), 20.145 (7) (g), 20.145 (7) (u), 71.65 (4) and
2 635.254 (3); and **to create** 619.165 (1) (b) 5., 619.19 and 632.785 (3) of the
3 statutes; **relating to:** expanding eligibility for a premium subsidy under the
4 health insurance risk-sharing plan, sunsetting that plan and making an
5 appropriation.

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 HIV 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. A board of governors (board) supervises HIRSP and manages the health insurance risk-sharing fund, which is made up of assessments paid by health insurers and out of which administrative expenses, including claims in excess of premiums, are paid. Claims, other than those in excess of premiums, are paid by premiums collected from persons with coverage under HIRSP. Covered persons with annual household incomes below \$20,000 pay reduced premiums (from 100% to 124.5% of what a standard risk would pay) and reduced deductibles (from \$500 to \$800) through a subsidy program administered by the board and funded with general purpose revenue and certain assessments and penalties paid by health insurers.

This bill expands eligibility for a premium subsidy under HIRSP and provides \$1,500,000 in general purpose revenue for that purpose. Under the bill, the board reduces the premium to be paid by a person with a household income that is at least \$20,000 but less than \$40,000 to an amount that is not more than 175% of what a standard risk would pay for the same or similar coverage. The remainder of the

premium is covered by the subsidy. Persons with a household income in the new premium subsidy bracket do not have their deductible reduced by a subsidy, however, and therefore pay the general deductible under HIRSP, which is \$1,000.

The bill also sunsets HIRSP on January 1, 1998. The commissioner of insurance and the department of health and social services are required to conduct a study on establishing a health care program to replace HIRSP. The health care program must use managed care. A report of the study must be submitted to the legislature by February 1, 1997.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.145 (7) (a) of the statutes is amended to read:

2 20.145 (7) (a) *Premium and deductible reduction subsidy.* Biennially, the
3 amounts in the schedule for the purpose of subsidizing premium reductions under
4 s. 619.165 and deductible reductions under s. 619.14 (5) (a). This paragraph does not
5 apply after December 31, 1997.

6 **SECTION 2.** 20.145 (7) (g) of the statutes is amended to read:

7 20.145 (7) (g) *Premium and deductible reduction subsidy; insurer assessments*
8 *and penalties.* All moneys received from insurer assessments and penalties under
9 s. 619.135 for subsidizing premium reductions under s. 619.165 and deductible
10 reductions under s. 619.14 (5) (a). This paragraph does not apply after December 31,
11 1997.

12 **SECTION 3.** 20.145 (7) (u) of the statutes is amended to read:

13 20.145 (7) (u) *Administration.* The amounts in the schedule from the health
14 insurance risk-sharing plan fund for the administration of subch. II of ch. 619. This
15 paragraph does not apply after December 31, 1997.

16 **SECTION 4.** 71.65 (4) of the statutes is amended to read:

17 71.65 (4) **SELF-INSURERS.** A person who is required to file an annual withholding
18 report under sub. (3) (a) and who is a self-insurer for the purposes of subch. II of ch.

1 619 shall indicate on the return that the person is such a self-insurer. This
2 subsection does not apply to taxable years beginning on or after January 1, 1998.

3 **SECTION 5.** 619.165 (1) (b) 5. of the statutes is created to read:

4 619.165 (1) (b) 5. If equal to or greater than \$20,000 and less than \$40,000, to
5 175% of the rate that a standard risk would be charged under an individual policy
6 providing substantially the same coverage and deductibles as provided under the
7 plan.

8 **SECTION 6.** 619.19 of the statutes is created to read:

9 **619.19 Sunset.** This subchapter does not apply after December 31, 1997.

10 **SECTION 7.** 632.785 (3) of the statutes is created to read:

11 632.785 (3) This section does not apply after December 31, 1997.

12 **SECTION 8.** 635.254 (3) of the statutes is amended to read:

13 635.254 (3) For an eligible employe who obtains coverage under the health
14 insurance risk-sharing plan under s. 619.12 (2) (e) 2., an employer under sub. (1)
15 shall pay a premium contribution to the health insurance risk-sharing plan that is
16 equal to the amount that the employer would pay on behalf of the employe for
17 coverage under the plan under this subchapter. This subsection does not apply after
18 December 31, 1997.

19 **SECTION 9. Nonstatutory provisions.**

20 (1) STUDY ON REPLACEMENT FOR THE HEALTH INSURANCE RISK-SHARING PLAN. The
21 office of the commissioner of insurance and the department of health and social
22 services shall conduct a study on replacing the health insurance risk-sharing plan
23 under subchapter II of chapter 619 of the statutes, as affected by this act, with a
24 health care program that utilizes managed care. The office and the department shall
25 submit a report of the study and their recommendations to the legislature in the

1 manner provided under section 13.172 (2) of the statutes no later than February 1,
2 1997.

3 **SECTION 10. Appropriation changes.**

4 (1) PREMIUM REDUCTION SUBSIDY. In the schedule under section 20.005 (3) of the
5 statutes for the appropriation to the office of the commissioner of insurance under
6 section 20.145 (7) (a) of the statutes, as affected by the acts of 1995, the dollar amount
7 is increased by \$1,500,000 for fiscal year 1996-97 to increase funding for the
8 purposes for which the appropriation is made.

9 **SECTION 11. Initial applicability.**

10 (1) The treatment of section 619.165 (1) (b) 5. of the statutes first applies to
11 policies that are issued or renewed on the effective date of this subsection.

12 (END)