State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-2454/3
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2001 ASSEMBLY BILL 265

March 30, 2001 - Introduced by Representative ALBERS, cosponsored by Senator MOEN, by request of Health Insurance Risk-Sharing Plan Board of Governors. Referred to Committee on Health.

AN ACT ***to amend*** 149.14 (5) (title), 149.14 (5) (b), 149.14 (5) (c), 149.14 (5) (e), 149.146 (2) (am) 2. and 149.146 (2) (am) 3.; and ***to create*** 149.146 (2) (am) 5. of the statutes; **relating to:** copayments and coinsurance for prescription drugs under the health insurance risk-sharing plan and providing an exemption from emergency rule procedures.

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. 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).

For covered services obtained in a calendar year, a person with coverage under HIRSP pays a deductible, and then pays coinsurance of 20% of covered costs that exceed the deductible amount. HIRSP pays 100% of covered costs incurred by the person during the remainder of the calendar year once the person has paid a specified amount in deductible and coinsurance (out-of-pocket limit). Current law authorizes

DHFS to establish, by rule with the approval of the board, copayments for prescription drug coverage, and provides that those copayments count toward the out–of–pocket limit that a person must pay before HIRSP will pay 100% of the person's covered costs.

This bill authorizes DHFS to establish for prescription drug coverage, in addition to copayments, coinsurance rates and copayment and coinsurance out–of–pocket limits over which HIRSP pays 100% of covered prescription drug costs. Any amount or rate must be approved by the board. In addition, the bill provides that amounts paid by a covered person in copayments and coinsurance for prescription drugs are separate from, and do not count toward, the deductible and coinsurance out–of–pocket limits that apply under current law to other covered costs.

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:

SECTION 1. 149.14 (5) (title) of the statutes is amended to read:

149.14 **(5)** (title) DEDUCTIBLES, COPAYMENTS ~~AND~~, COINSURANCE, AND OUT–OF–POCKET LIMITS.

SECTION 2. 149.14 (5) (b) of the statutes is amended to read:

149.14 **(5)** (b) Except as provided in ~~par.~~ pars. (c) and (e), if the covered costs incurred by the eligible person exceed the deductible for major medical expense coverage in a calendar year, the plan shall pay at least 80% of any additional covered costs incurred by the person during the calendar year.

SECTION 3. 149.14 (5) (c) of the statutes is amended to read:

149.14 **(5)** (c) ~~If~~ Except as provided in par. (e), if the aggregate of the covered costs not paid by the plan under par. (b) and the deductible exceeds $500 for an eligible person receiving medicare, $2,000 for any other eligible person during a calendar year or $4,000 for all eligible persons in a family, the plan shall pay 100%

of all covered costs incurred by the eligible person during the calendar year after the payment ceilings under this paragraph are exceeded.

SECTION 4. 149.14 (5) (e) of the statutes is amended to read:

149.14 **(5)** (e) Subject to sub. (8) (b), the department may, by rule under s. 149.17 (4), establish ~~copayments~~ for prescription drug coverage under sub. (3) (d) copayment amounts, coinsurance rates, and copayment and coinsurance out–of–pocket limits over which the plan will pay 100% of covered costs under sub. (3) (d). Any copayment ~~amounts or rates~~ amount, coinsurance rate, or out–of–pocket limit established ~~are~~ under this paragraph is subject to the approval of the board. Copayments and coinsurance paid by an eligible person under this paragraph ~~shall~~ are separate from and do not count toward the deductible and covered costs not paid by the plan under pars. (a) to (c).

SECTION 5. 149.146 (2) (am) 2. of the statutes is amended to read:

149.146 **(2)** (am) 2. Except as provided in ~~subd.~~ subds. 3. and 5., if the covered costs incurred by the eligible person exceed the deductible for major medical expense coverage in a calendar year, the plan shall pay at least 80% of any additional covered costs incurred by the person during the calendar year.

SECTION 6. 149.146 (2) (am) 3. of the statutes is amended to read:

149.146 **(2)** (am) 3. ~~If~~ Except as provided in subd. 5., if the aggregate of the covered costs not paid by the plan under subd. 2. and the deductible exceeds $3,500 for any eligible person during a calendar year or $7,000 for all eligible persons in a family, the plan shall pay 100% of all covered costs incurred by the eligible person during the calendar year after the payment ceilings under this subdivision are exceeded.

SECTION 7. 149.146 (2) (am) 5. of the statutes is created to read:

149.146 **(2)** (am) 5. Subject to s. 149.14 (8) (b), the department may, by rule under s. 149.17 (4), establish for prescription drug coverage under this section copayment amounts, coinsurance rates, and copayment and coinsurance out–of–pocket limits over which the plan will pay 100% of covered costs for prescription drugs. Any copayment amount, coinsurance rate, or out–of–pocket limit established under this subdivision is subject to the approval of the board. Copayments and coinsurance paid by an eligible person under this subdivision are separate from and do not count toward the deductible and covered costs not paid by the plan under subds. 1. to 3.

SECTION 8. Nonstatutory provisions.

(1) RULES ON DRUG COPAYMENTS AND COINSURANCE. The department of health and family services may use the procedure under section 227.24 of the statutes to promulgate rules authorized under section 149.14 (5) (e) of the statutes, as affected by this act, and section 149.146 (2) (am) 5. of the statutes, as created by this act. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the department is not required to provide evidence that promulgating a rule under this subsection as an emergency rule is necessary for the preservation of public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under this subsection.

SECTION 9. Initial applicability.

(1) This act first applies to policies under the health insurance risk–sharing plan that are issued or renewed on the effective date of this subsection.

(END)