

Ninety-First Regular Session

WEDNESDAY, August 10, 1994

The chief clerk makes the following entries under the above date.

PETITIONS AND COMMUNICATIONS

State of Wisconsin
Ethics Board

August 2, 1994

To the Honorable the Senate:

At the direction of s. 13.685(7), Wisconsin Statutes, I am notifying you of changes in the Ethics Board's records of licensed lobbyists and their employers.

Organization's authorization of additional lobbyists: The following organizations previously registered with the Ethics Board as employers of lobbyists have authorized to act on their behalf these additional licensed lobbyists:

Land Reclamation Co

Zeppos, Evan

Manufacturers & Commerce, Wisconsin

Hansen, Joan

Metropolitan Milwaukee Assn of Commerce

Mitchell, Susan

School Administrators, Assn of Wisconsin

Lynch, James

Organization's termination of lobbyists: Each of the following organizations previously registered with the Ethics Board as the employer of a lobbyist has withdrawn, on the date indicated, its authorization for the lobbyist identified to act on the organization's behalf.

Alliance for Fair Convention Taxation

Becker, Dismas 7/28/94

American Automobile Assn

Brown, Mark H. 6/30/94

Morton Buildings, Inc

Mueller, H. Carl 7/28/94

Remsik, Jeffrey 7/28/94

School Administrators, Assn of Wisconsin

Nispel, David 8/1/94

Trawlers, Inc, Wisconsin

Bablitch, Stephen 8/1/94

Wisconsin Bell, Inc

Remsik, Jeffrey 7/28/94

Organization's modification or amendment of records: The registered organization listed below has indicated the following modification to its records:

Rifle Assn of America, National has changed its name to:
Rifle Assn Institute for Legislative Action, National

Also available from the Wisconsin Ethics Board are reports identifying the amount and value of time state agencies have spent to affect legislative action and reports of expenditures for lobbying activities filed by the organizations that employ lobbyists.

Sincerely,
R. Roth Judd
Executive Director

State of Wisconsin
Department of Corrections

August 1, 1994

To the Honorable the Legislature:

The Department of Corrections has three Claims under the claims section 227.485 and 814.245, Wisconsin Statutes, for the fiscal year ending June 30, 1994 (see attached). Our legal counsel personnel have reviewed settlements during FY 94 and have determined that \$83.78 apply to sections 227.485 and 814.245 of the Wisconsin Statutes.

Sincerely,
Michael J. Sullivan, Secretary
Department of Corrections

State of Wisconsin
Office of the Commissioner of Insurance

August 1, 1994

To the Honorable the Legislature:

The Small Employer Insurance Board (Board) is required by statute to submit an annual report to the legislature. The Board submitted its first report to the legislature in March 1993. This report covered the activities of the Board from its appointment in August 1992 through the development of subchapter IV of ch. Ins 8, Wis. Adm. Code, in March 1993. The final rule became effective on July 1, 1993. A copy of this rule is attached as Appendix 1.

The purpose of this letter is to provide the legislature with information relating to the initial approval and early experience with the basic health benefit plan for small employers. A more complete report will be submitted to the legislature in March 1995. By that time there will be considerably more experience to report regarding the marketing and sale of the basic health benefit plan.

The law requires that any insurer wishing to market to small employers in Wisconsin have a basic health benefit plan approved by the Office of the Commissioner of

Insurance (OCI). Insurers are required to offer the basic health benefit plan on a "guaranteed issue" basis to any small employer who wishes to buy it.

The rule required insurers to submit plans to OCI for approval prior to October 1, 1993. Insurers whose plans were not approved by December 1, 1993, were prohibited from marketing any health insurance plan to small employers. Most companies began marketing these policies on January 1, 1994.

There are now 63 basic health benefit plans approved for sale. A list of the companies with approved plans is attached as Appendix 2. It is unlikely that a significant number of additional insurers will submit plans for approval.

Quarterly, insurers are required to submit market share reports to OCI listing the number of policies issued during the quarter and the number of policies in force at the end of the quarter for all small employer plans and basic health benefit plans. The report also asks insurers to report on the number of small employers who applied for coverage, the number who were rejected, and the number who were quoted rates for standard coverage that were 15% or more than the new business rate.

OCI received the first reports, covering the first quarter of 1994, in May. Due to the short period of time policies have been on the market and the fact that it can take 30-60 days for policies to become effective, the companies had very little business to report. Reports covering the second quarter are due to OCI in mid-August.

The Board met on May 18, 1994. The agenda for the meeting and minutes from the meeting are attached as Appendix 3.

Discussion at the meeting focused on the marketing and sale of the basic health benefit plan. As the minutes show, the Board heard from an insurer active in the small group market, an independent agent, and a representative of the small business community. Board members expressed some disappointment over the small number of policies that had been sold. Both the insurer and the agent pointed out that it takes time for any new insurance product to be accepted in the marketplace. They also said that there were other factors in the health insurance market that might make the basic health benefit plan less attractive than was originally anticipated, including other new low-cost products on the market and a significant slowing down of rate increases for group health insurance. The small business representative indicated that the basic health benefit plan filled an important market niche for small employers who want to buy low-cost health insurance. OCI presented a preliminary report on a survey regarding the rates insurers are charging for the basic health benefit plan. The report showed that for healthy groups the basic health benefit plan tended to be between 25% and 35% less expensive than a standard plan. The rule requires insurers to surcharge smokers. The most common surcharge for smokers is between 10% and 20%.

The survey suggested that the rates of a few companies were not in compliance with the administrative rule. OCI is currently investigating these companies and will actively pursue any appropriate administrative action.

A related administrative rule, subchapter III of ch. 8, Wis. Adm. Code, entitled Small Employer Health Insurance, went into effect on February 1, 1994. This rule regulates the marketing of all health insurance policies sold to small employers. It requires insurers to "actively market" the basic health benefit plan to all small employers.

To help small employers and their employees understand the rules relating to health insurance for small businesses, OCI has published the enclosed brochure entitled "Health Insurance for Small Employers and Their Employees." This is attached as Appendix 4.

The next meeting of the Board will be held in October 1994. A current list of board members is attached as Appendix 5.

Please contact me or any member of the board if you would like additional information about the basic health benefit plan or about the activities of the Small Employer Insurance Board.

Sincerely,
Josephine W. Musser, Chair
Small Employer Insurance Board
Insurance Commissioner

SENATE CLEARINGHOUSE ORDERS

Senate Clearinghouse Rule 90-45

Relating to the selection process for highway and bridge projects.

Submitted by Department of Transportation.

Withdrawn by agency, August 5, 1994.

Senate Clearinghouse Rule 94-77

Relating to an order of selection to receive vocational rehabilitation services.

Submitted by Department of Health and Social Services.

Report received from agency, August 3, 1994.

Referred to committee on Health, Human Services and Aging, August 10, 1994.

Senate Clearinghouse Rule 94-119

Relating to the community development block grant portion of the Wisconsin development fund.

Submitted by Department of Development.

Report received from agency, August 3, 1994.

Referred to committee on Business, Economic Development and Urban Affairs, August 10, 1994.

The committee on State Government Operations and Corrections reports and recommends:

Senate Clearinghouse Rule 93-214

Relating the county tax levy rate limit.

No action taken.

Gary Drzewiecki
Chair

The committee on Judiciary and Insurance reports and recommends:

Senate Clearinghouse Rule 94-86

Relating to the sale and distribution of oleoresin of capsicum products to private citizens.

No action taken.

Joanne B. Huelsman
Chair

MOTIONS UNDER SENATE RULE 98
for July 1994

A certificate of congratulations by Senator Lorman for the Village of Cambria on the occasion of its Sesquicentennial.

A certificate of commendations by Senator Burke for the Americans who were based in China-Burma-India Theater in World War II.

A certificate of commendations by Senator Andrea for September 10, 1994 being the Day of Caring.

A certificate of congratulations by Senator Andrea for Rudy Scuglik on the occasion of his retirement.

A certificate of congratulations by Senator Breske for Aaron P. Gavic on attaining the Eagle Scout Award.

A certificate of congratulations by Senator Breske for Randall S. Olson got attaining the Eagle Scout Award.

A certificate of congratulations by Senator Huelsman for Michael Jahnen for attaining the Eagle Scout Award.

A certificate of commendation by Senator Schultz for John W. Johnson for his work on behalf of the Spring Green and on the occasion of his retirement.

A certificate of congratulations by Senator Helbach for the Stevens Point Pacelli Cardinals on their 1994 Wisconsin Independent Schools Athletic Association Division 2 State Softball Title.

A certificate of congratulations by Senator Andrea for Carmela Amendola on the occasion for her 80th Birthday.

A certificate of congratulations by Senator Clausing for the Prescott High School Boys Baseball team on winning the 1994 WIAA Division 2 State Championship.

A certificate of commendation by Senator Jauch for 4-Star General Charles C. McDonald for his many years of dedicated service and wish him well in his retirement.

A certificate of commendations by Senator Darling for James Paschen for his dedication to the Whitefish Bay Community and School District.

A certificate of commendation by Senator Darling for Frank R. Korzilius for his dedication to the Whitefish Bay Community and School District.

A certificate of commendation by Senator Darling for Robert J. Berdan for his dedication to the Brown Deer Community and School District.

A certificate of commendation by Senator Darling for Anthony Busalacchi for his dedication to the Whitefish Bay Community and School District.

A certificate of commendation by Senator Darling for Douglas P. Boerner for his commitment to the Richfield Community and School District.

A certificate of commendation by Senator Darling for Roger Johnson for his dedication to the Germantown Community and School District.

A certificate of commendation by Senator Darling for Donald Kriefall for his dedication to the Richfield Community and School District.

A certificate of congratulations by Senator Schultz for the Village of Argyle on its sesquicentennial.

A certificate of commendation by Senator Adelman for Wallace Zabler for his outstanding service to the nation and commitment to his family and community and wish him a happy 80th Birthday.

A certificate of commendation by Senator Darling for Sue Gilbert for being chosen Brown Deer Teacher of the Year.

A certificate of commendation by Senator Darling for Jack Dallman for being chosen Brown Deer Teacher of the Year.

A certificate of commendation by Senator Darling for Gina Vogt for being chosen Brown Deer Teacher of the Year.

A certificate of congratulations by Senator Huelsman for Stuart Holt on attaining the rank of Eagle Scout.

A certificate of commendation by Senator Petak for Andrew Duncan for his commitment to the Music Education.

A certificate of congratulations by Senator Weeden for Wendall Boyer for on the occasion of his 80th Birthday.

A certificate of congratulations by Senator Weeden for Eric John Hurkman for attaining the rank of Eagle Scout.

A certificate of commendation by Senator Jauch for Joseph E. Davidowski on the occasion of his retirement and all his dedicated service.

A certificate of congratulations by Senator Burke for The Badger Association of the Blind on its 75th Anniversary.

A certificate of commendation for the Evangelical United Methodist Church on their heritage and long-lasting involvement in the community.

A certificate of commendation by Senator Petak for Wisconsin Farm Bureau Federation and the Racine County Farm Bureau on their dedication to providing the needs of farmers and success in representing the farmers state and nationwide.