

## ☞ 95hr\_AC-ISCP\_Misc\_pt04



☞ Details: District roundtable insurance discussion

(FORM UPDATED: 08/11/2010)

# WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

## 1995-96

(session year)

## Assembly

(Assembly, Senate or Joint)

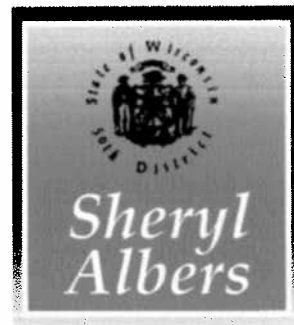
## Committee on Insurance, Securities and Corporate Policy...

### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**



MEMORANDUM

TO: INSURANCE AGENTS IN THE 50TH ASSEMBLY DISTRICT

FROM: REPRESENTATIVE SHERYL ALBERS, CHAIR, INSURANCE, SECURITIES, AND  
CORPORATE POLICY COMMITTEE

DATE: APRIL 17, 1995

RE: DISTRICT ROUNDTABLE DISCUSSION

Thank you for taking the time to attend this informal roundtable discussion regarding insurance issues of concern to each of you. I am hopeful that this will be a useful time of communication for both you and I, and I look forward to continuing this dialogue.

I have enclosed some information I thought would be of interest to each of you. You will find the following material:

- (1) A copy of the future health insurance reform legislation;
- (2) A copy of an automobile rating territory (or "redlining") proposal;
- (3) A copy of senior citizen auto insurance discount proposal; and,
- (4) A copy of a forthcoming derivatives proposal.

Any feedback you have regarding these issues would be greatly appreciated.

Office: P.O. Box 8952 • State Capitol • Madison, WI 53708-8952 • (608) 266-8531  
Message Hotline: (800) 362-9472

Home: S6896 Seeley Creek Rd. • Loganville, WI 53943 • (608) 727-5084

  
Printed on recycled paper  
with soy base ink.

**INSURANCE ISSUES -- ROUNDTABLE DISCUSSION**

**APRIL 17, 1995**

**REDLINING - Vehicles & Homes in Milwaukee area  
(Cullen)**

**DRIVERS LICENSES**

- a. Juvenile Probationary
- b. Senior Citizens - Renewal

**HIRSP - Farm Population**

**DERIVATIVES - Education  
(Ziegelbauer)**

**HEALTH INS (Robson & Underheim)**

- a. Portability
- b. Pre-existing conditions
- c. Guaranteed issue
- e. Tax breaks for employment based health ins.
- f. Medical Savings Accounts (Harsdorf)

**OTHER ISSUES:**

**If we give maintain the status quo of DPI and stick with two tier equalization formula as teachers and school boards would have us do;**

**If we restore funding for personal care workers and retain current spousal impoverishment assets limits, as senior citizens and disable persons would prefer;**

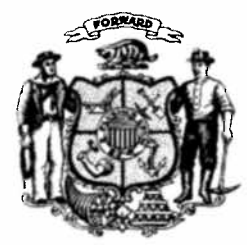
**If we restore the public defender and fail to embrace a cabinet form of government as sportsmen suggest;**

**If we forego a cabinet form of government for the Dept of Ag Trade and Consumer protection as farmers are urging;**

**If we hold student tuition increases at the proposed levels and not seek further cuts within the UW system;**

**If we give counties the \$73 million they beleive they need in additional transportation aid, and if we restore \$10 million to the SCIP program which was repealed;**

**Not only will we be unable to meet the 2/3 committment to provide property tax relief -- but we will also jepardize our state's economic future.**



## **QUESTION OF THE DAY.....**

**Should value of health benefits be included as a taxable benefit received by employees, along with an offsetting tax reduction or credit based upon income?**

**The Congressional Budget Office has estimated the current Federal subsidy for employment-based health insurance amounted to \$74 billion in 1994. More than 30% of that subsidy went to the wealthiest 13% of Americans earning \$75,000 a year or more. An employee earning \$100,000 a year get \$1910 in tax relief while the person earning less than \$10,000 gets only \$190 in average tax subsidy benefits. Workers earning more than \$15 per hour are 10 times more likely to have health insurance than workers earning less then \$5 per hour.**

**Problems associated with the current system:**

- Artificially supports increased demand for medical services and more costly insurance.**
- Subsidizes inefficient health care delivery at the expense of efficient delivery.**
- Results in lower cash wages.**
- Undermines cost consciousness by disguising the true cost of insurance and medical care to employees; and**
- Discriminates against the self-employed, the unemployed, and those whose employers do not offer health insurance.**

**YOUR THOUGHTS:**

**INSURANCE ISSUES -- ROUNDTABLE DISCUSSION**  
**APRIL 17, 1995**

**REDLINING - Vehicles & Homes in Milwaukee area**  
**(Cullen)**

**DRIVERS LICENSES**

- a. Juvenile Probationary**
- b. Senior Citizens - Renewal**

**HIRSP - Farm Population**

**DERIVATIVES - Education**  
**(Ziegelbauer)**

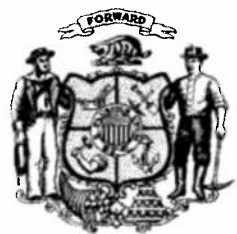
**HEALTH INS (Robson & Underheim)**

- a. Portability**
- b. Pre-existing conditions**
- c. Guaranteed issue**
- e. Tax breaks for employment based health ins.**
- f. Medical Savings Accounts (Harsdorf)**

**OTHER ISSUES:**



WISCONSIN STATE LEGISLATURE







APR 06 1995  
APR 06 1995

**BOB ZIEGELBAUER**

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

TO: All Interested Legislators

FROM: Bob Ziegelbauer

DATE: April 7, 1995

*To: Kelly*

RE: **LRB 3511/2**

If you wish to co-sponsor this legislation, please contact Luanne in my office by April 18th at 6-0315.

As a result of the recent renewed interest in complicated high risk financial investments such as derivatives, and how they might relate to the investment of public funds by local government, I have asked for the following bill to be drafted.

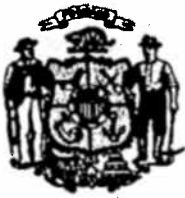
**LRB 3511/2** relates to the list of permitted investments that local treasurers may choose from, when investing idle cash.

In the past few sessions, the Legislature has responded to relatively low market interest rates by broadening the permitted list allowing local treasurers to assume increasing levels of risk in the pursuit of higher yields. Currently, some derivative products are permitted under that provision.

**LRB 3511/2** seeks to scale back the permitted list of investments to its original intent of minimizing risk while maximizing the preservation of principal by limiting permissible investments options to those guaranteed as to principal, interest, and maturity date by the federal government, certificates of deposit, bank deposits, the State Investment Board's local government investment pool, and the governmental units' own securities.

On the other side you will find the Legislative Reference Bureau's analysis of this proposal.

-OVER-



1 AN ACT to repeal 66.04 (2) (a) 5.; and to amend 66.04 (2) (a) 2. of the statutes;  
2 relating to: investments by local governmental units of funds not immediately  
3 needed.

---

*Analysis by the Legislative Reference Bureau*

Under current law, local units of government (including cities, villages, towns, counties, drainage districts, school districts and technical college districts), may invest any of their funds that are not immediately needed in a number of different investment vehicles. These vehicles include time deposits in financial institutions, municipal securities, securities issued or guaranteed as to principal and interest by the federal government or by an instrumentality of the federal government, certain commercial securities and certain securities of an open-end management investment company or investment trust if the company or trust is registered with the federal government and if the portfolio of the company or trust meets several other requirements.

Current law also allows any city, village or town to invest surplus funds in any securities issued under the authority of the municipality. In addition, employers such as the state and certain local governmental units may invest their deferred compensation funds under the same standards that a fiduciary of a trust is required to follow.

Under this bill, local units of government may no longer invest in securities that are guaranteed by an instrumentality of the federal government, and the securities in which they do invest that are guaranteed by the federal government must have a fixed maturity date. Also under the bill, local units of government may no longer invest in securities of an open-end management investment company or investment trust.

For further information see the *state and local* 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. 66.04 (2) (a) 2. of the statutes is amended to read:

2 66.04 (2) (a) 2. Bonds or securities with a fixed maturity date that are issued  
3 or guaranteed as to principal and interest by the federal government, ~~or by a commis-~~  
4 ~~sion, board or other instrumentality of the federal government.~~

5 SECTION 2. 66.04 (2) (a) 5. of the statutes is repealed.

other provisions of the nonmetallic mining reclamation ordinance.

(h) *Exemptions and variances.* Establish standards and procedures for granting exemptions and variances from the requirements of the nonmetallic mining reclamation ordinance.

(i) *Other provisions.* Contain other provisions not enumerated under pars. (a) to (h) necessary to ensure adequate reclamation of nonmetallic mining sites.

(5) **INSPECTION.** An agent of a county, city, village or town which has a valid nonmetallic mining reclamation ordinance may enter the premises of a nonmetallic mining operation in the performance of his or her official duties by permission of the property owner or operator or pursuant to a special inspection warrant issued under s. 66.122 in order to inspect those premises and to ascertain compliance with the nonmetallic mining reclamation ordinance.

(6) **ENFORCEMENT AND PENALTIES.** The governing body of a county, city, village or town which has a valid nonmetallic mining reclamation ordinance or an agent designated by that governing body may issue a compliance order, suspension order or termination order as authorized in the nonmetallic mining reclamation ordinance as provided under sub. (4) (g) and may suspend or revoke the nonmetallic mining permit as authorized in the nonmetallic mining reclamation ordinance as provided under sub. (4) (d). A nonmetallic mining reclamation ordinance may include a schedule of forfeitures to be imposed for violations of that ordinance.

(7) **APPLICABILITY.** This section does not apply after December 31, 1996.

History: 1983 a. 176; 1993 a. 464.

**66.04 Appropriations. (1) BONUS TO STATE INSTITUTION.** No appropriation or bonus of any kind shall be made by any town, village, or city, nor any municipal liability created nor tax levied, as a consideration or inducement to the state to locate any public educational, charitable, reformatory, or penal institution.

(m) *Subsidy of abortions restricted.* No city, village or town or agency or subdivision of a city, village or town may authorize funds for or pay to a physician or surgeon or a hospital, clinic or other medical facility for the performance of an abortion except those permitted under and which are performed in accordance with s. 20.927.

(2) **INVESTMENTS.** (a) Any county, city, village, town, school district, drainage district, technical college district or other governing board as defined by s. 34.01 (1) may invest any of its funds not immediately needed in any of the following:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this state if the time deposits mature in not more than 3 years.

2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.

3. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of this state.

3m. Bonds issued by a local exposition district under subch. II of ch. 229.

4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard & Poor's corporation, Moody's investors service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.

5. Securities of an open-end management investment company or investment trust, if the investment company or investment trust does not charge a sales load, if the investment company or

investment trust is registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, and if the portfolio of the investment company or investment trust is limited to the following:

a. Bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government.

b. Bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government....

c. Repurchase agreements that are fully collateralized by bonds or securities under subd. 5. a. or b.

(b) Any town, city or village may invest surplus funds in any bonds or securities issued under the authority of the municipality, whether the bonds or securities create a general municipality liability or a liability of the property owners of the municipality for special improvements, and may sell or hypothecate the bonds or securities. Funds of any employer, as defined by s. 40.02 (28), in a deferred compensation plan may also be invested and reinvested in the same manner authorized for investments under s. 881.01 (1).

(c) Any local government, as defined under s. 25.50 (1) (d), may invest surplus funds in the local government pooled-investment fund. Cemetery care funds, including gifts where the principal is to be kept intact, may also be invested under ch. 881.

(d) Any county, city, village, town, school district, drainage district, technical college district or other governing board as defined by s. 34.01 (1) may engage in financial transactions in which a public depository, as defined in s. 34.01 (5), agrees to repay funds advanced to it by the local government plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.

(2m) **DELEGATION OF INVESTMENT AUTHORITY.** Any county, city, village, town, school district, drainage district, technical college district or other governing board, as defined in s. 34.01 (1), may delegate the investment authority over any of its funds not immediately needed to a state or national bank, or trust company, which is authorized to transact business in this state if all of the following conditions are met:

(a) The institution is authorized to exercise trust powers under s. 221.04 (6) or ch. 223.

(b) The governing board renews annually the investment agreement under which it delegates its investment authority, and reviews annually the performance of the institution with which its funds are invested.

(3) **CELEBRATION OF HOLIDAYS.** A town, county, school board or school district may appropriate money for the purpose of initiating or participating in appropriate celebrations of any legal holiday listed in s. 895.20.

(4) **INVESTED FUND PROCEEDS IN POPULOUS CITIES, USE.** In any city of the first class, all interest derived from invested funds held by the city treasurer in a custodial capacity on behalf of any political entity, except for pension funds, shall be deemed general revenues of such city and shall revert to the city's general fund, conditioned upon the approval by such political entity evidenced by a resolution adopted for that purpose.

History: 1971 c. 41 s. 12; 1971 c. 154, 211; 1975 c. 164, 180, 422; 1977 c. 29, 182; 1977 c. 187 s. 135; 1977 c. 245, 272, 367, 447; 1979 c. 221, 293, 355; 1981 c. 187; 1983 a. 189 s. 329 (21); 1983 a. 192 s. 304; 1983 a. 368; 1987 a. 27, 399; 1989 a. 307; 1991 a. 39; 1993 a. 203, 263, 399.

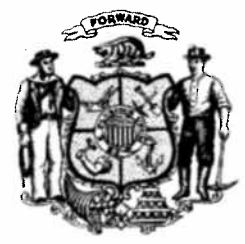
Cross-reference: See also s. 157.50 (6) as to investment of municipal care funds. See note to 219.05, citing 62 Atty. Gen. 312, as to investments in savings and loan associations.

Municipalities may only invest in certain specifically authorized bonds, securities, deposits, etc., and may not invest in mutual funds, even if assets of such funds consist solely of statutorily-allowed bonds and securities. 77 Atty. Gen. 274.

**66.041 Local government audits and reports.** Notwithstanding any other statute, the governing body of any county, city, village or town may require or authorize a financial audit of any municipal or county officer, department, board, commission,

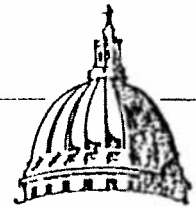


# WISCONSIN STATE LEGISLATURE



# PEGGY ROSENZWEIG

APR 04 1995



State Senator, 5th Senate District

TO: All Legislators  
FROM: Senator Peggy Rosenzweig  
DATE: April 3, 1995  
RE: Health insurance reforms

At hearings around the state last session and this year, legislators heard from farmers, business owners and individuals who are being frozen out of the health insurance market because of their health. I am introducing LRB 1623 which, in part, would allow citizens to purchase health insurance, regardless of their health condition.

LRB 1623 is very similar to the health insurance reforms contained in 1993 Senate Bill 722, with one substantial change -- the standard plan language has been removed. If you recall, the standard plan became a major stumbling block as it related to abortion coverage.

I have listed below the major highlights of the LRB 1623:

\* Reforms apply to policies for individuals and groups of up to 100.

\* Limits are placed on insurers' ability to exclude coverage for pre-existing conditions.

For group policies, a condition that existed 6 months prior to purchase of the policy would be covered after a 12 month waiting period.

For individual policies, a condition that existed for 12 months prior to purchase of the policy would be covered after a 12 month waiting period.

\* Provides opportunities to obtain full coverage, without waiting periods being imposed for pre-existing conditions.

Provides a 30-day open enrollment period, every other year. Provides for full coverage without waiting periods when individuals turn 18 or are dropped from their parents' policies.

\* Excludes pregnancy as a pre-existing condition under certain circumstances.

Coverage would be based on a sliding scale related to the stage of pregnancy on the effective date of coverage and would provide for a deductible not greater than \$5,000.

\* All policies are portable from employer to employer.

If you change jobs, your health insurance remains secure. Your new employer must offer you the same benefits offered to existing employees. If you're already insured by an employer, then there's no need to meet pre-existing condition limitations with a new employer.

\* All policies must be guarantee issue. )

With very limited exceptions, if someone wants health insurance, they can get it. Insurers cannot turn them away.

\* Provides for modified community rating.

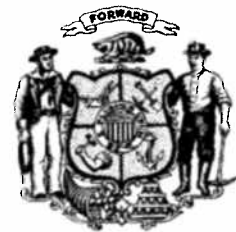
Modified community rating will avoid the pitfalls experienced in other states, like New York, where "pure" community rating has resulted in sticker shock.

Modified community rating allows age, gender, tobacco use and geography to be used by insurers when setting rates. Rate bands may be used to limit variations between premiums based on these factors. Most important, modified community rating prohibits charging higher premiums because of poor health. If you suddenly become ill, premiums cannot increase. If you buy coverage through an employer, you won't pay more if you or a co-worker becomes ill.

The bill analysis is attached. If you would like a copy of the entire bill or would like to sign on as a co-sponsor, please call my office at 266-2512.



WISCONSIN STATE LEGISLATURE



One of the more success

EL purchasing pools

- EL's Health Care Alliance  
Primarily Dane Co  
to contiguous co's

Jo Mussen <sup>helped</sup> started in 1990

7 principal players

Oscar Meyer  
Ray O Vite  
Van Fam  
KUMF

Madison School District

Largest EL's  
in Dane Co



Exam = v successful

Much of Gas Partnership Plan  
much of Clinton

Purchasing Pools as  
Health Ins Cost & Availability

one of  
most  
successful  
pools

Small ER Alliana (Purchasing Pool)

Over 400 represented in the Area

could be as few as one

250  
est

All one - Row

- 70,000 covered } families

Emphasis on Growth

has been on Small ER Alliance

Over 20 purchasing pods popping up around states

Message is - Preemptive

Attempt at adding some health care cost

Amo's do prob frightened by this b/c

it works well & growth has been  
tremendous

There's a place for HMO's  
↳ purchasing pools —

Municipalities < Govt & General

Runa ) America Family

↳ ERS Health Care Alliance  
have incorporated  
it in their higher  
package

included  
in packet  
new hires  
get

Speaks well

offers  
Alliance  
As option

Chris K... — CEO of Alliance

Good Story that needs to be told

- Alliance has great data base

---

- Risk Exposure Trends

- Tracking Claims to provide better services

- Want people know this is working