

## 95hr\_AC-ISCP\_Misc\_pt05i



Details: Miscellaneous committee correspondence and documents

(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**



**DEWITT  
ROSS & STEVENS**  
LAW FIRM

Capitol Square Office  
Two East Mifflin Street  
Suite 600  
Madison, WI 53703-2865  
Fax 608-252-9243  
Tel. 608-255-8891

West Office  
Firststar Financial Centre  
8000 Excelsior Drive, Suite 401  
Madison, WI 53717-1914  
Fax 608-831-2106  
Tel. 608-831-2100

Please respond to: Capitol Square Office

November 22, 1995

Representative Sheryl Albers  
State Capitol - 127 West  
Madison, WI 53702

RE: Valued Policy Law Modification

Dear Representative Albers:

I am writing to you on behalf of the three insurance agent organizations that I represent: the Professional Insurance Agents of Wisconsin; the Independent Insurance Agents of Wisconsin; and the Wisconsin Association of Life Underwriters. We have some very substantial concerns about a proposal that is being proposed by the Wisconsin Insurance Alliance relating to a modification of the valued policy law.

We have met with Eric Englund and representatives of the Office of the Commissioner of Insurance to discuss this legislative proposal being made by the Alliance. We believe the existing valued policy law is working well and is fair to consumers. We are concerned that the proposed revision of the law would not be viewed favorably by the insurance consuming public and would, in many cases, produce an unfair result for members of the public.

We would very much like to meet with you, Eric Englund, and other interested parties, in advance of introduction of any legislation on this subject. In its present form, the proposed draft that Eric has shared with us would be opposed by the three insurance agent organizations that I represent. Therefore, we think it is important to have this discussion well in advance of introduction of the legislation.

Sincerely,

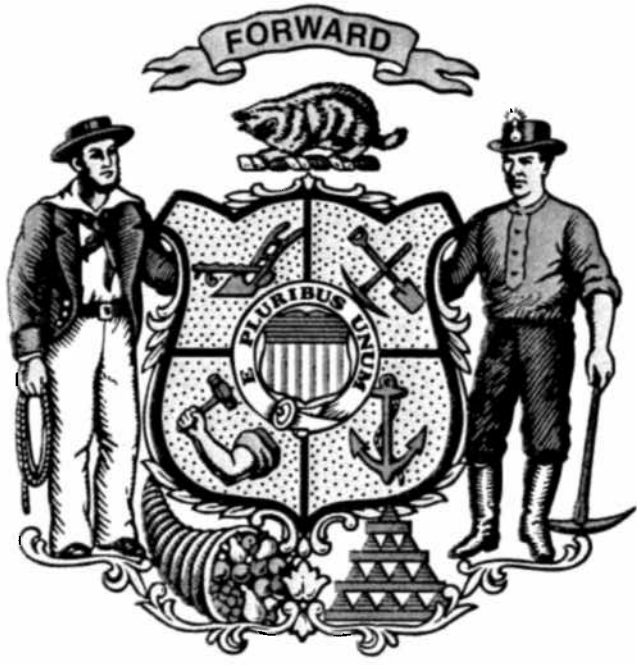
DEWITT ROSS & STEVENS s.c.

Ronald W. Kuehn

*DO*  
*Set up meetings  
me - Dale -  
Eric / Ron*

RWK:mb

cc: Independent Insurance Agents of Wisconsin  
Professional Insurance Agents of Wisconsin  
Wisconsin Association of Life Underwriters  
Wisconsin Insurance Alliance, Attn: Eric Englund





State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson  
Governor

Josephine W. Musser  
Commissioner

October 24, 1995

121 East Wilson Street  
P.O. Box 7873  
Madison, Wisconsin 53707-7873  
(608) 266-3585

OCT 30 1995

MR DUANE R THOMPSON  
DIRECTOR OF GOVERNMENT RELATIONS  
THE INSTITUTE OF CERTIFIED FINANCIAL PLANNERS  
7600 E EASTMAN AVE STE 301  
DENVER CO 80231-4397

Dear Mr. Thompson:

We are in receipt of your recent letter requesting information on the continuing education program in Wisconsin.

Earlier this year, staff in the Agent Licensing Section were in contact with Judith Rayl, Continuing Education Specialist, National Endowment for Financial Education, College for Financial Planning, and Jeffrey H. Rattiner, Director of Technical Standards, Certified Financial Planner Board of Standards, both located in Denver, Colorado. Mr. Rattiner submitted for our review their General Information Booklet, Continuing Education Standards, Criteria for the Registration of a Financial Planning Curriculum, and the Mark of Quality brochure.

Following our review of the curriculum and supporting documents, it was determined that the CFP program could not be included with the identified professional designations, as the majority of the curriculum was devoted to financial planning. Both individuals were informed that the courses relating to insurance could be submitted for review and approval if they were placed in a classroom setting.

As of the date of this letter, we are in the process of selecting a vendor to handle the provider and course approvals. Information will be provided to you on the approval process as soon as it becomes available.

It is my intention to review the continuing education program over the next year. We will be collecting data and information on the program's availability and effectiveness as it progresses to determine if modifications to the existing regulations are required.

Thank you for your continued interest in this program. We will keep you advised as information becomes available.

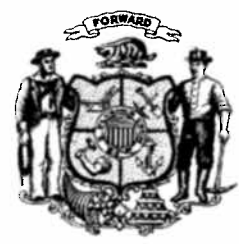
Best Regards,

*Josephine W. Musser*  
Josephine W. Musser  
Commissioner of Insurance

JWM:LJL:hs

cc: Senator Peggy Rosenzweig  
Representative Sheryl Albers

*Was my understanding  
6 mos - not a  
year + that  
alternatives +  
language would be  
offered -  
Get Farrow over to  
our office on this one -*



December 20, 1995

Representative Rebecca Young  
119N, Capitol

Dear Representative Young:

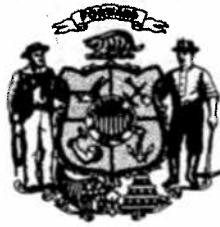
As you may know, I had planned to schedule AB 615, which requires insurance coverage of child immunizations, for a hearing on December 28th.

My office spoke with your staff and I understand you would not be able to attend and testify. Also, after distributing the notice, it did not appear that we would have a quorum that day and felt it best to just cancel the hearing for that day.

I will let you know when the bill has been rescheduled.

Happy Holidays,

Sheryl K. Albers  
State Representative  
50th Assembly District



REBECCA YOUNG

STATE REPRESENTATIVE • SEVENTY-SIXTH ASSEMBLY DISTRICT

November 30, 1995

Representative Sheryl Albers, Chairperson  
Assembly Committee on Insurance, Securities, and Corporate Policy  
State Capitol, Room 127 West  
INTER-D MAIL

RE: AB 615, Child immunizations

Dear Representative Albers:

I am writing to respectfully request that you hold a public hearing and executive session on Assembly Bill 615, requiring insurance coverage of child immunizations. AB 615 was referred to your committee almost seven weeks ago.

According to a 1994, nationwide study by the Centers for Disease Control which involved more than 25,000 telephone interviews, a quarter of the children between 19 to 35 months were not adequately vaccinated.

In a recent New York Times article, Dr. Walter Orenstein, who is the director of the National Immunization Program, stated that substantial numbers of children are not immunized against common childhood diseases, such as Hepatitis B, polio, diphtheria, mumps, and chicken pox.

AB 615 will require insurance to cover these immunizations, without any co-pays or deductibles.

I appreciate your consideration and look forward to hearing from you.

Sincerely,

REBECCA YOUNG  
State Representative  
76th Assembly District

D

RY\bk

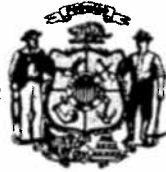
*and my thanks to you keep  
on the phone - all best  
??*





# Dave Plombon

STATE REPRESENTATIVE



68TH ASSEMBLY DISTRICT

February 15, 1996

FEB 22 1996

Rep. Sheryl Albers, Chair  
Assembly Insurance, Securities  
and Corporate Policy Committee  
127-West  
Capitol

Dear Rep. Albers;

Earlier this session, at the request of a constituent, I introduced AB-620 which would alter the way in which help was provided to families of children born with diseases such as PKU which require them to eat specifically manufactured foods.

Some time ago you offered to hold a public hearing on the bill, which I greatly appreciate. However, since that time I have worked with Sandy Van Calcar of the Waisman Center in an effort to improve the existing program.

I am happy to say that after some discussion, changes were made in what is already an excellent program. Among the changes made was adding a spot on the metabolic sub-group for a parent of a child born with PKG or similar disease. As a result, parents will now have a greater voice in the running of this program. Another important change to the program will be a greater variety of foods available to persons with these diseases beginning July 1, 1996.

Based upon these discussions, and the ability to improve what is already an extraordinary program, I respectfully withdraw my request for a hearing on AB-620.

Thank you for your concern in assisting persons and families afflicted with PKG and similar diseases.

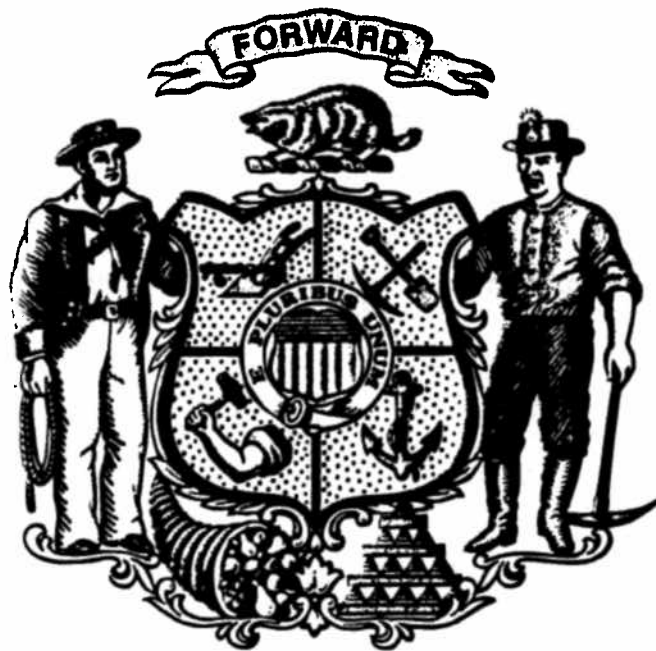
Sincerely,

A handwritten signature in cursive that reads "Dave".

DAVE PLOMBON  
State Representative

DD InFiles

DP/jmw





Life Agent Data  
i n c o r p o r a t e d

February 20, 1996

**FEB 22 1996**

Congresswoman Sheryl Alberts  
PO Box 8952  
Madison, WI 53708

*information*

*services*

*for*

*the*

*financial*

*industries*

Dear Congresswoman Alberts:

As a legislator in your state involved with the insurance matters I want to apprise you of a very serious situation plaguing the life insurance industry. Each year tens of millions of dollars are needlessly written off by insurance companies because their agents refuse to repay commission "chargebacks" and other debts they incur while acting as agents of the companies they represent. Often, these agents act without impunity because there are nearly one thousand insurance companies catering to independent life, health and annuity insurance agents. Merely canceling an agent's selling contract means only that these agents will sign new contracts with competing companies.

Although your state does not currently impose sanctions against offending agents, insurance departments in fifteen states have developed policies to sanction agents who refuse to repay debit balances. While companies clearly suffer financial hardships in states that do not impose penalties against agents, perhaps the greatest losses are experienced by the insurance consumers. Not only are they prey to unscrupulous agents, they also pay higher premiums because companies are forced to pass on their losses to them.

Among other services, my company, Life Agent Data, provides collections services to the life, health and annuity insurance industry. I can tell you that our job is made considerably easier in states that have tough regulations against debit delinquent agents. I encourage you to adopt regulations requiring agents who have outstanding unresolved debit balances with insurance companies to pay their debts. Some states even refuse to renew agent licenses until all debts are current. A law in your state with teeth like that would could save millions of dollars annually for companies and consumers alike.

Sincerely,

Todd Musgjerd  
Director of Operations

*DD. Ask Gordon?*

*To: Jo. Musser  
Peter Farrow  
M. Youngman.  
Feedback appreciated*





State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson  
Governor

Josephine W. Musser  
Commissioner

March 11, 1996

121 East Wilson Street  
P.O. Box 7873  
Madison, Wisconsin 53707-7873  
(608) 266-3585

THE HONORABLE SHERYL ALBERS  
STATE REPRESENTATIVE  
136 S STATE CAPITOL  
MADISON WI 53702

Re: Small Employer Rate Increases

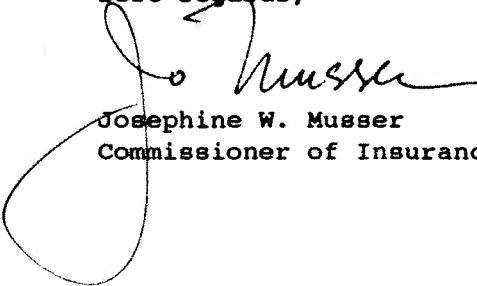
Dear Representative Albers:

Thank you for forwarding to us a copy of Mr. Driessen's letter concerning the premium rate increases for group health insurance policies issued to eight small employers by Primecare Health Plan, Inc.

Mr. Driessen appears concerned that the renewal premiums were increased by more than 10% for these small employers. Wisconsin's small employer insurance law does not limit premium rate increases to 10% for small employers. In addition, Mr. Driessen indicated that all eight businesses are small employers with 5-50 employees. Wisconsin's small employer law defines a small employer as an employer that employs 2-25 eligible employees. The premium rate increases for the eight groups noted in Mr. Driessen's letter are representative of than other recent premium increases we have seen in the group marketplace. I have enclosed a current copy of our office's Group Health Insurance Index, which demonstrates how group insurance rates have increased during the past year. If Mr. Driessen still questions the renewal increase for a particular employer, he may contact us, and we would be happy to contact the insurer for a further explanation of the rate increase.

Please feel free to contact me if you have any questions or need further clarification.

Best regards,

  
Josephine W. Musser  
Commissioner of Insurance

JWM:MJH:mdv  
Enclosure  
c:\winword\leg\albers3.doc



# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson  
Governor

Josephine W. Musser  
Commissioner

121 East Wilson Street  
P.O. Box 7873  
Madison, Wisconsin 53707-7873  
(608) 266-3585

## GROUP HEALTH INSURANCE INDEX

JANUARY 1, 1996

The Office of the Commissioner of Insurance has been surveying the top writers of group health insurance in Wisconsin since 1989 to monitor the premiums charged for group health insurance policies. Companies were asked to develop rates for a comprehensive policy for three hypothetical groups in particular locations in Wisconsin. The results of this survey are summarized below. The average shown is the average for all insurers participating in the survey.

### MONTHLY RATES - SINGLE COVERAGE

#### GROUP 1 = 25 employees / Milwaukee

	January 1990	January 1991	January 1992	January 1993	January 1994	January 1995	January 1996
Minimum:	\$104.77	\$117.30	\$128.27	\$137.29	\$146.56	\$133.13	\$153.95
Maximum:	137.62	142.76	168.34	188.61	196.56	221.59	245.31
Average:	\$117.96	\$131.65	\$146.34	\$167.18	\$171.56	\$174.69	\$191.83
Average Increase:	1/1/90 - 1/1/91 = 11.6%						
Average Increase:	1/1/91 - 1/1/92 = 11.2%						
Average Increase:	1/1/92 - 1/1/93 = 14.2%						
Average Increase:	1/1/93 - 1/1/94 = 2.6%						
Average Increase:	1/1/94 - 1/1/95 = 1.8%						
Average Increase:	1/1/95 - 1/1/96 = 9.8%						

#### GROUP 2 = 75 employees / Milwaukee

	January 1990	January 1991	January 1992	January 1993	January 1994	January 1995	January 1996
Minimum:	\$ 99.94	\$115.14	\$125.84	\$131.32	\$138.79	\$132.68	\$142.71
Maximum:	132.92	142.76	168.34	185.86	182.65	204.07	225.90
Average:	\$112.96	\$126.48	\$141.64	\$157.75	\$159.37	\$163.59	\$180.21
Average Increase:	1/1/90 - 1/1/91 = 12.0%						
Average Increase:	1/1/91 - 1/1/92 = 12.0%						
Average Increase:	1/1/92 - 1/1/93 = 11.4%						
Average Increase:	1/1/93 - 1/1/94 = 1.0%						
Average Increase:	1/1/94 - 1/1/95 = 2.6%						
Average Increase:	1/1/95 - 1/1/96 = 10.2%						

#### GROUP 3 = 75 employees / Wisconsin Rapids

	January 1990	January 1991	January 1992	January 1993	January 1994	January 1995	January 1996
Minimum:	\$ 82.34	\$ 94.15	\$112.22	\$123.10	\$120.35	\$112.71	\$140.92
Maximum:	107.18	122.12	132.99	148.02	142.20	147.92	164.30
Average:	\$ 94.99	\$107.66	\$122.72	\$131.17	\$132.40	\$136.19	\$153.95
Average Increase:	1/1/90 - 1/1/91 = 13.3%						
Average Increase:	1/1/91 - 1/1/92 = 14.0%						
Average Increase:	1/1/92 - 1/1/93 = 6.9%						
Average Increase:	1/1/93 - 1/1/94 = 0.9%						
Average Increase:	1/1/94 - 1/1/95 = 2.9%						
Average Increase:	1/1/95 - 1/1/96 = 13.0%						

**MONTHLY RATES - FAMILY COVERAGE**

**GROUP 1 = 25 employes / Milwaukee**

	<b>January 1990</b>	<b>January 1991</b>	<b>January 1992</b>	<b>January 1993</b>	<b>January 1994</b>	<b>January 1995</b>	<b>January 1996</b>
Minimum:	\$252.11	\$292.21	\$318.64	\$340.38	\$398.00	\$361.06	\$323.28
Maximum:	366.68	371.53	439.24	513.07	550.36	620.45	686.87
Average:	\$308.37	\$348.90	\$384.92	\$448.85	\$453.57	\$465.74	\$493.29
Average Increase:	1/1/90 - 1/1/91 = 13.1%						
Average Increase:	1/1/91 - 1/1/92 = 10.3%						
Average Increase:	1/1/92 - 1/1/93 = 16.6%						
Average Increase:	1/1/93 - 1/1/94 = 1.1%						
Average Increase:	1/1/94 - 1/1/95 = 2.7%						
Average Increase:	1/1/95 - 1/1/96 = 5.9%						

**GROUP 2 = 75 employes / Milwaukee**

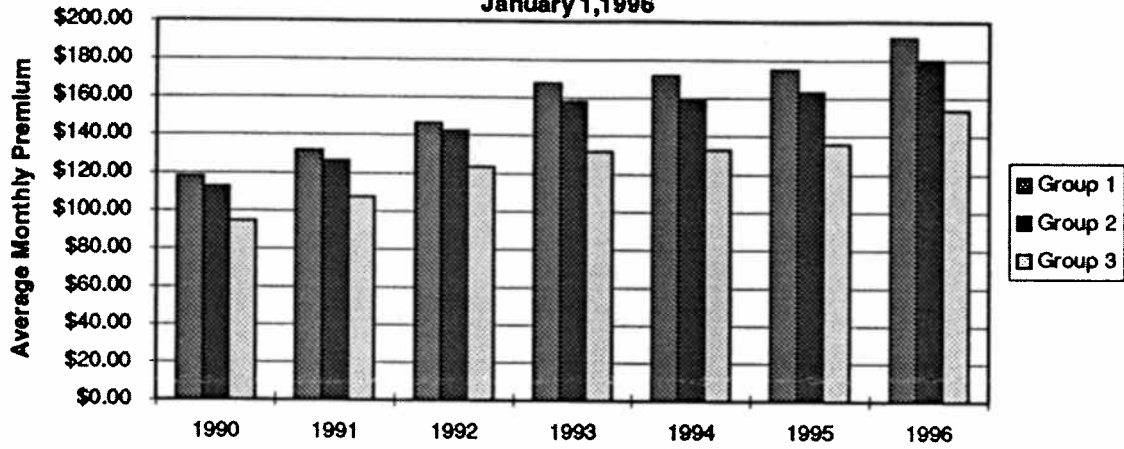
	<b>January 1990</b>	<b>January 1991</b>	<b>January 1992</b>	<b>January 1993</b>	<b>January 1994</b>	<b>January 1995</b>	<b>January 1996</b>
Minimum:	\$252.11	\$287.01	\$312.78	\$325.97	\$381.67	\$359.84	\$344.24
Maximum:	366.68	369.06	439.24	484.90	511.43	571.40	632.52
Average:	\$301.20	\$336.56	\$374.47	\$424.67	\$425.83	\$441.27	\$469.21
Average Increase:	1/1/90 - 1/1/91 = 11.7%						
Average Increase:	1/1/91 - 1/1/92 = 11.3%						
Average Increase:	1/1/92 - 1/1/93 = 13.4%						
Average Increase:	1/1/93 - 1/1/94 = 0.3%						
Average Increase:	1/1/94 - 1/1/95 = 3.6%						
Average Increase:	1/1/95 - 1/1/96 = 6.3%						

**GROUP 3 = 75 employes / Wisconsin Rapids**

	<b>January 1990</b>	<b>January 1991</b>	<b>January 1992</b>	<b>January 1993</b>	<b>January 1994</b>	<b>January 1995</b>	<b>January 1996</b>
Minimum:	\$209.51	\$261.80	\$294.82	\$306.19	\$325.60	\$305.69	\$296.28
Maximum:	322.33	314.26	342.56	383.28	372.01	401.52	460.04
Average:	\$268.15	\$284.44	\$320.14	\$353.89	\$353.22	\$367.91	\$396.73
Average Increase:	1/1/90 - 1/1/91 = 6.1%						
Average Increase:	1/1/91 - 1/1/92 = 12.5%						
Average Increase:	1/1/92 - 1/1/93 = 10.5%						
Average Increase:	1/1/93 - 1/1/94 = -0.2%						
Average increase:	1/1/94 - 1/1/95 = 4.2%						
Average Increase:	1/1/95 - 1/1/96 = 7.8%						

### Group Health Insurance Trends Single Coverage

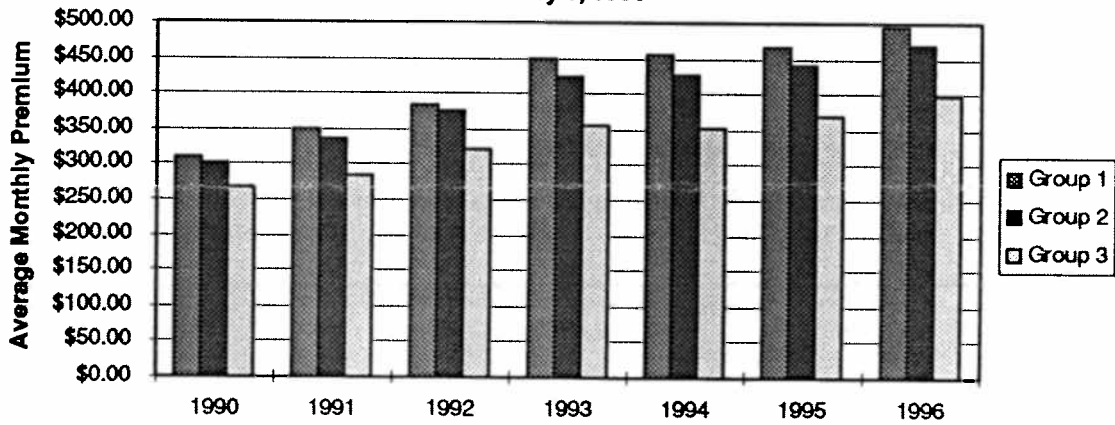
January 1, 1996



Group 1 = 25 Employees/Milwaukee  
 Group 2 = 75 Employees/Milwaukee  
 Group 3 = 75 Employees/Wisconsin Rapids

### Group Health Insurance Trends Family Coverage

January 1, 1996



Group 1 = 25 Employees/Milwaukee  
 Group 2 = 75 Employees/Milwaukee  
 Group 3 = 75 Employees/Wisconsin Rapids



FEB 19 1996

Quarles & Brady

2/13/96

To: Interested Legislators

Re: Small Business Health  
Care Rate Increases

In case you thought this  
problem has gone away, it  
has NOT! Here's documentation  
of rate increases of more  
than 10% for 8 representative  
small businesses.

10-- D. MESSER

For the Indept Business  
Assoc of Wisc (IBA)

typical across the state



From: Steve Miller  
Telephone: (414)271-7345  
Fax: (414)271-6494

770 North Jefferson Street  
Milwaukee, WI 53202

To: Tony Orissen  
Company: Charles + Brady  
Fax #: 271-3552

Date: 2/12/96  
Time: 1:45 am/pm  
# Pages: 2

Subject: Premier's Renewals

Comments: \_\_\_\_\_

Tony -

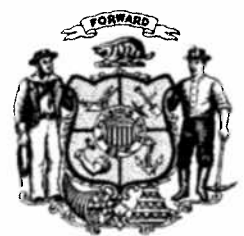
attached is a summary of our  
April 96 Renewals with Premier.  
They insure 275,000 members in  
Metw. Cty. The eight renewals  
listed are all small business groups  
that employ 5 to 50. As you  
can see, there all over 10%.

770 North Jefferson Street, Milwaukee, Wisconsin 53202, (414) 271-7333, FAX (414) 271-6494

BENECO OF WISCONSIN, INC., A MEMBER OF THE BENEFIT COMPANIES

**APRIL 1996 SMALL GROUP RENEWALS (LOSS RATIOS)  
EXPERIENCE PERIOD 10/01/94 THRU 09/30/95--PAID THRU 11/95**

<u>Group Number</u>	<u>Group Name</u>	<u>Mkt Rep.</u>	<u>Agent Code</u>	<u>Percent Change</u>
5312FU	OCONOMOWOC LAKE CLUB	MT	BE	10.29%
5304PE	BIO-PAK, INC	MT	BE	10.16%
5314CR	REDMOND CONSTRUCTION CO	MT	BE	10.29%
540445	TRAFFIC & PARKING CONTROL	MT	BE	10.16%
5314CI	LEDUC'S RESTAURANT, INC	MT	BE	10.29%
5300HY	RIVER RUN COMPUTERS	MT	BE	11.61%
5314EA	WISCONSIN AUTOMATIC DOOR	MT	BE	10.29%
5314DB	MATRIX INVESTMENTS, INC	MT	BE	10.29%





JUDITH B. ROBSON

STATE REPRESENTATIVE • WISCONSIN LEGISLATURE

March 15, 1996

Chair Sheryl Albers  
Insurance, Securities  
& Corporate Policy Committee  
127 West, State Capitol

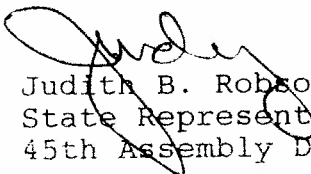
Dear Representative Albers:

I am requesting a hearing on Assembly Bill 1016, relating to the purchase of health care coverage by private employers.

The bill addresses the issue of affordability of health insurance plans for small businesses. A large purchasing pool, similar to the state employee's insurance pool, is created with the Department of Employee Trust Funds. Employers who elect to join the pool will receive health insurance coverage for their employees at a "community rate." The plans offered will include, if possible, two health maintenance organization health care plans, two preferred provider plans, and a standard plan.

Your scheduling a hearing at the earliest possible date would be appreciated.

Sincerely,

  
Judith B. Robson  
State Representative  
45th Assembly District

JBR:kas

March 28, 1996

*COPY  
sent 3-18-96  
1:30 pm  
DJD*

Representative Judy Robson  
PO Box 8953  
Madison, WI 53708

Dear Representative Robson:

I received your request for a hearing on AB 1016, relating to the purchase of health care coverage by private employers.

As you may know, I am in the process of setting up a hearing for Thursday morning before session. My committee clerk contacted your office to make sure you would be available at that time and was informed that you had an appointment at 9 a.m. Thursday morning and would have to leave the hearing early.

I plan to have a vote on a number of bills that day including two remedial legislation bills and believe we will not have enough time for a hearing on your bill that day as well.

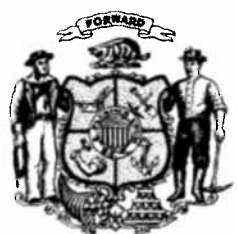
I am uncertain at this time of how many more hearings the Assembly Insurance Committee will have yet this session and a number of bills must be dealt with at this hearing.

Sincerely,

Sheryl K. Albers  
State Representative  
50th Assembly District



# WISCONSIN STATE LEGISLATURE





State of Wisconsin  
Department of Financial Institutions

Tommy G. Thompson, Governor

Richard L. Dean, Secretary

August 2, 1996

Representative Sheryl Albers  
Wisconsin State Assembly  
127 West, State Capitol  
Madison, WI 53708

Securities Committee File

Dear Representative Albers:

Thank you for contacting me regarding your concerns with the adoption of SEC 2.01(c)5 and SEC 2.01(1)(d)5 Admin. Code by Emergency Rule.

I understand that you would prefer that emergency rules not be adopted whenever possible. I agree that the adoption of emergency rules is not the preferred method of enacting rule changes.

A public hearing has been ordered on September 4, 1996, so that people may be heard before the rule is adopted permanently. I hope that you will take that opportunity to voice your concerns. I believe that this emergency rule was necessary for the reasons set forth below.

Under sec. 551.22(1) Wis. Stats., securities issued by local subdivisions of the state are exempt from registration "only if the issuer's financial statements are prepared according to generally accepted accounting principles [GAAP] or guidelines which the commissioner designates by rule." The alternative guideline designated in this emergency rule is necessary to resolve a problem caused by an interpretation by the staff of the Governmental Accounting Standards Board (GASB).

The Governmental Accounting Standards Board has opined that the payment of property tax installments after a July 1 date may not be recognized as revenue for financial statement reporting purposes for a fiscal year ending June 30. Due to the method by which property taxes are collected in most areas (semi-annually, with the second installment usually due after the end of the fiscal year), most school districts are unable to construct financial statements that meet the current requirement that they qualify as "full-GAAP" in order to qualify for the exemption from registration under sec. 551.22(1)(a) Wis. Stats. for securities

Jim McIntosh

clerk's -  
constructions -

1 of 4 -  
was in  
draft prior to the  
rule

unqualified  
statements  
dict  
see w/  
DPI



issued by a governmental unit. Therefore, if we left the current rule in place, the very local decision of whether a school district should borrow money would be preempted by a lot of "red tape" from a state agency requiring the districts to make unnecessary filings, with no investor protection being served.

As explained in the Finding of Emergency portion of the Order Adopting Emergency Rules, the rules adopt an alternative accounting guideline for the preparation of financial statements for certain governmental issuers of securities, including school districts. The alternative guideline allows an exception to the "full-GAAP" financial statement requirement for use in cases where the issuer's financial statements are full-GAAP except that the auditor's opinion is qualified with respect to the recognition of property tax revenue.

The reason this rule needed to be adopted on an emergency basis is that it was not until just prior to the June 30 end of the fiscal year that I was advised by representatives of school districts, bond attorneys, and certified public accounting firms of the substantial effects the above-mentioned interpretation of the GASB would have on school districts. The intention of these emergency rules was to alleviate the disruption that would occur to the near-term borrowing/bonding plans of governmental school district issuers that regularly claim exemption status under s. 551.22(1)(a), Wis. Stats. Requiring school districts to make unnecessary filings with this division will only end up costing local taxpayers more money. School districts in need of borrowing will not forego borrowing, but will make the unnecessary filing, often paying an attorney to prepare the filing, in addition to the filing fee. This rule is an attempt to prevent these unnecessary expenditures.

I hope that this information is helpful. Thank you again for taking the time to let me know about your concerns.

Sincerely,



Patricia Struck,  
Administrator

PDS:ams

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**Division of Securities**  
**State of Wisconsin**

**NOTICE IS HEREBY GIVEN** that, pursuant to sections 551.63(1) and (2) and 551.22(1)(a), Wis. Stats., and interpreting sec. 551.22(1)(a), Wis. Stats., the Division of Securities will hold a public hearing in Room 328 Northwest of the State Capitol in Madison, Wisconsin, at 10:00 a.m. on Wednesday, September 4, 1996 to consider the creation of SEC 2.01(1)(c) 5 and SEC 2.01 (1)(d)5, of the Rules of the Division of Securities relating to designating alternative accounting guidelines for the preparation of financial statements for certain governmental issuers of securities.

Written comments in lieu of public hearing testimony may be submitted which must be received no later than the hearing date and should be addressed to the Administrator of the Division of Securities, 101 East Wilson Street, P.O. Box 1768, Madison, Wisconsin 53701.

**Analysis Prepared by the Division of Securities:**

Statutory Authority: ss. 551.63(1) and (2) and 551.22(1)(a), Wis. Stats.

Statute Interpreted: s. 551.22(1)(a), Wis. Stats.

**SECTION 1. SEC 2.01(1)(c)5 is created to read:**

SEC 2.01(1)(c)5 The issuer's annual general purpose financial statements are prepared according to generally accepted accounting principles as provided in subd. 1, except that the auditor's opinion is qualified with respect to the recognition of property tax revenue.

**SECTION 2. SEC 2.01(1)(d)5 is created to read:**

SEC 2.01(1)(d)5 With respect to par. (c)5, the financial statements are prepared in accordance with generally accepted accounting principles, except that the auditor's opinion is qualified with respect to the recognition of property tax revenue, or equivalent language.

**ANALYSIS**

These proposed permanent rules are being developed to be in place upon the expiration of identical emergency rules that were issued by Order of the Wisconsin Commissioner of Securities Office on June 18, 1996, and became effective on July 1, 1996 following publication in the official state newspaper and the required filings with the Secretary of State and the Revisor of Statutes Bureau. The proposed permanent rules, as do the emergency rules, adopt an alternative accounting guideline for the

preparation of financial statements for certain governmental issuers of securities (principally Wisconsin public school districts and Wisconsin vocational school districts) utilizing the securities registration exemption in s. 551.22(1)(a), Wis. Stats., for purposes of offering and selling their debt securities to public investors in Wisconsin. The alternative guideline created in SEC 2.01(1)(c)5, Wis. Adm. Code, allows an exception to the "full-GAAP" financial statement requirement where the issuer's financial statements are full-GAAP except that the auditor's opinion is qualified with respect to the recognition of property tax revenue (which results from an interpretation by the staff of the Governmental Accounting Standards Board). Wisconsin public school and vocational school district securities issuers having "full-GAAP" financial statements have previously to date been able to sell their debt securities in reliance on automatic use of the registration exemption in s. 551.22(1)(a), Wis. Stats., (without the need for any exemption filing with this Division). Under the new alternative accounting guidelines (which still require "full-GAAP" financials, but allow the auditor's opinion to be qualified with respect to the recognition of property tax revenue item) those governmental securities issuers impacted by the GASB staff interpretation—which in absence of the alternative accounting guidelines in the new rules would have to make filings under Ch. 551—will continue to be able to rely on "automatic" use of the registration exemption of 551.22(1)(a) without the need for any filing with this Division.

The emergency rules adopting the alternative accounting guideline were developed in consultation with representatives of municipal/governmental securities issuers, bond attorneys and public accounting groups who recently informed the Administrator that interpretations by the Governmental Accounting Standards Board ("GASB") through its staff with respect to accounting treatment for property tax recognition may cause many Wisconsin public school districts and vocational school districts to have the audit opinions for their financial statements qualified with respect to the deferral of taxes. The existence of a qualified auditor's opinion would preclude use of the s. 551.22(1)(a), Wis. Stats., registration exemption on a self-executing basis for offers and sales of a school district's debt securities to the public.

The specific accounting issue involves interpretation of the current accounting standard for property tax recognition established by the National Council on Governmental Accounting ("NCGA") Interpretation 3 "Revenue Recognition—Property Taxes." The accounting interpretation issue is presented as a result of the interplay of the following two factors: (1) most public school and vocational school districts operate on (and their financial statements are prepared on) a July 1 to June 30 fiscal year, (2) the Wisconsin Statutes authorize the various Wisconsin local units of government to allow the payment of property taxes (which provide the funding for payment of public school and vocational school district debts and obligations) to be made in installments on January 1 and July 31 of a given year (for example 1996) relating to taxes levied (in the 1996 example given) for a school district's fiscal year extending from July 1, 1995 to

June 30, 1996.

Because the July 31 date for payment of the second property tax installment is after the June 30 fiscal year for the school districts, the staff of the GASB in communications with representatives of Wisconsin accounting organizations and school district associations on the issue, set forth the GASB staff's view that the July 31 tax installment revenues may not be recognized for purposes for fiscal years ending the preceding June 30. As a result, auditors for Wisconsin public school districts and vocational school districts would need to show in such school districts' financial statements, deferred revenue for the July 31 installment property taxes. Despite requests for reconsideration, the GASB staff has not changed its position.

Such GASB staff interpretation has resulted in property tax revenue and fund balance amounts as shown in most Wisconsin school districts' audit reports being different from that required to be shown in such districts' Annual Reports and budget documents, thus causing confusion as to what a particular district's financial position actually is. The State of Wisconsin Department of Public Instruction believes that the GASB staff interpretation, in the context of the Wisconsin statutes governing the timing of property tax levies and payments, does not result in appropriate school district revenue and fund balance financial statement presentations.

As a consequence, Wisconsin public school and vocational school districts may be requesting that their external auditors prepare their district's audited financials without showing deferred revenue for uncollected property taxes—which may result in the auditor issuing a qualified opinion. The issuance of such a qualified audit opinion would preclude use of the s. 551.22(1)(a), Wis. Stats., registration exemption on a self-executing basis for offers and sales in Wisconsin of the school district's debt securities to the public.

Therefore, in similar fashion to emergency rule-making action taken by the agency in 1982 and 1994, and for the purpose of alleviating disruption that would occur to the near-term borrowing/bonding plans of governmental school district issuers that regularly claim "automatic" exemption status under s. 551.22(1)(a), Wis. Stats., for the offer and sale in Wisconsin of their debt securities, the Division of Securities, in consultation with representatives of school district issuers, bond attorneys and accounting groups, is adopting these rules designating an alternative-to-full-GAAP financial statement provision to deal with this accounting issue to enable school district issuers to continue to use the exemption in s. 551.22(1)(a), Wis. Stats., on a self-executing basis. Also, this rule-making action is warranted because there is no investor protection securities regulatory purpose served by requiring such school district issuers to make a filing with this agency (for a bond offering they otherwise would make without a filing) solely because of the existence of a one-sentence qualification contained in the

auditor's opinion for the issuer's financial statements.

The rule created in s. SEC 2.01(1)(c)5 designates as a permitted alternative accounting guideline for purposes of use of the registration exemption in s. 551.22(1)(a), Wis. Stats., GAAP, but where the auditor's opinion is qualified with respect to the recognition of property tax revenue. The rule created in s. SEC 2.01(1)(d)5 provides that the auditor's opinion with respect to the financial statements of issuer covered by the rule in SEC 2.01(1)(c)5 must contain language corresponding to the qualification language in SEC 2.01(1)(c)5.

Initial Regulatory Flexibility Analysis

There is no small business impact to these rules because they relate solely to municipal/governmental securities issuers.

The proposed rules will have no fiscal effect on the agency, and a copy of the complete Fiscal Estimate is available upon request to the agency. The proposed rules' effect on local units of government is discussed in detail in the Summary portion of this Rule-Making Hearing Notice.

Contact Person:

Questions regarding the proposed rule may be directed to agency General Counsel Randall E. Schumann, 101 East Wilson Street, P.O. Box 1768, Madison, WI 53701; (608) 266-3414.

DATED at Madison, Wisconsin this 16<sup>th</sup> day of July, 1996.

[SEAL]

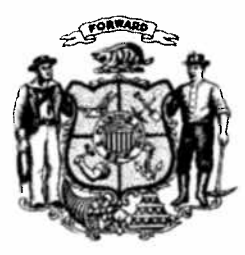


---

PATRICIA D. STRUCK  
Administrator



WISCONSIN STATE LEGISLATURE



# Assembly Committee on Insurance, Securities, and Corporate Policy

DATE Under Moved by Under Seconded by Lasee

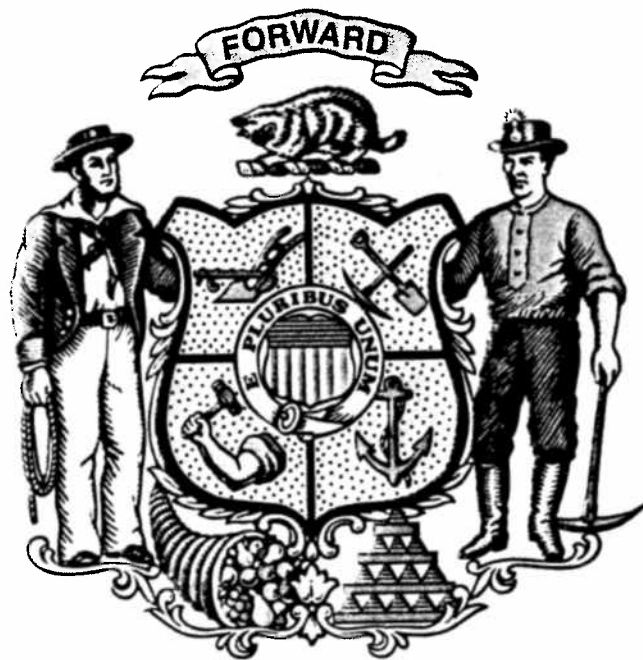
AB \_\_\_\_\_ SB \_\_\_\_\_ Clearinghouse Rule \_\_\_\_\_  
 AJR \_\_\_\_\_ SJR \_\_\_\_\_ Appointment \_\_\_\_\_  
 A \_\_\_\_\_ SR \_\_\_\_\_ Other \_\_\_\_\_

A/S Amdt \_\_\_\_\_  
 A/S Amdt 2 to A/S Amdt \_\_\_\_\_  
 A/S Sub Amdt \_\_\_\_\_  
 A/S Amdt 2 to A/S Sub Amdt 1  
 A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_

- Be recommended for:
- Passage
  - Introduction
  - Adoption
  - Rejection
  - Indefinite Postponement
  - Tabling
  - Concurrence
  - Nonconcurrence
  - Confirmation

	Committee Member	Aye	No	Absent	Not Voting
1.	Rep. Sheryl Albers, Chair	✓			
2.	Rep. William Lorge, Vice-Chair	✓			
3.	Rep. Gregg Underheim	✓			
4.	Rep. Robin Kreibich	✓			
5.	Rep. Mary Lazich	✓			
6.	Rep. Tim Hoven	✓			
7.	Rep. Frank Lasee	✓			
8.	Rep. Mark Green	✓			
9.	Rep. Al Baldus	✓			
10.	Rep. Barbara Notestein	✓			
11.	Rep. Judy Robson	✓			
12.	Rep. David Cullen	✓			
13.	Rep. Robert Ziegelbauer	✓			
14.					
15.					
16.					
17.					
18.					
Totals		13			

MOTION CARRIED  MOTION FAILED





TO: SA

FROM: DD

RE: AB 650

This was something that Governor Thompson had proposed a session or two ago according to Gordon Anderson. He also said that the problems outlined in the letter are real ones. Rep. Green talked with American Medical Security and also brought up this and a few other questions.

October 31, 1995

Representative Joseph Handrick  
21 N, Capitol  
Madison, WI 53708

Dear Representative Handrick:

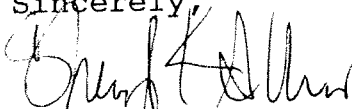
Assembly Bill 650, relating to removing the prohibition against reducing provider fees, was referred this week to the Assembly Insurance, Securities and Corporate Policy committee, of which I am the chair.

A number of concerns have been brought to my attention regarding your bill. Among these, which concern me the most, is the possible increased cost to other consumers. Once indigent patients realize they can receive health care at no cost to themselves, utilization increases and in turn, costs for consumers who pay co-payments.

I would be willing to work with you on this bill. Perhaps by better defining "financial hardship" in the state statutes we can still get to the people who need help without increasing health care costs for consumers.

Thank you for your consideration.

Sincerely,



Sheryl K. Albers  
State Representative  
50th Assembly District

*Come talk to me on this!*

# AMERICAN MEDICAL SECURITY

R for Good Health®

Mailing Address  
P.O. Box 19032  
Green Bay, WI 54307-9032

Shipping Address  
3100 AMS Blvd  
Green Bay, WI 54313

414-431-1111 • 800-232-5432

- FAX 414-431-2222 (Home Office)
- FAX 414-661-1212 (Distribution Ctr)
- FAX 414-661-4347 (Claims)
- FAX 414-431-6015 (Administration)
- FAX 414-661-2100 (Risk Management)

Senders Name: Amy Meffe

Date: 10/23/95

Send To Name: Rep Cheryl Albers

Company: WI State Legislature

Location: \_\_\_\_\_

FAX Number: 608-261-6925

Total pages sent including cover: 3

Message: \_\_\_\_\_

Hi Cheryl -

Thought you might be interested in the following comments regarding Joe Handrick's proposal of waiver of CO payments and deductibles.

Please call me at 800-232-5432 ext. 11353 if you have questions.

Thank you!  
Amy Meffe



“Healthcare reform isn’t affecting us –  
We’re affecting healthcare reform.”

## Comments Regarding LRB- 2997/1 Waiver of Co-Pay and Deductible at Physician's Discretion

Most health insurance policies require the policy holder to be responsible for a portion of medical bills. This can be in the form of a co-payment, which is usually a nominal amount (\$5 - \$25) paid by the patient at the time of service. It may also be a deductible, or a fixed amount the patient is responsible for before insurance coverage begins. This amount usually ranges anywhere from \$100 to \$1500 or more. The co-payments and deductibles are paid directly to the health care provider. Each policy has a specified out-of-pocket maximum, meaning that any costs incurred after this amount is reached are paid by the insurance company.

**It is our feeling that allowing physicians to arbitrarily waive charges which are the patient's responsibility removes the strongest proven mechanism against over-utilization, unnecessary procedures and testing, and fraudulent billing practices. American Medical Security does not object to physicians waiving co-payments or deductibles in cases of financial hardship - which they are allowed to do under current law.**

Representative Handrick is proposing that a physician may waive the deductible or co-pay regardless of the financial circumstances of the patient. Current law states that a physician may only do so in cases where the patients is experiencing financial hardship. While it may appear that this is a simple proposal granting physicians and other health care providers the option to reduce fees for the sake of their patients, the end result may be increased costs for everyone.

Carriers generally do not object to health care providers waiving co-payments or deductibles if providers do not try to shift the costs to other consumers. In today's competitive marketplace most physicians cannot afford to sacrifice the revenue co-payments and deductibles bring in. Because co-payments and deductibles are most often related to the first few instances (and frequently the only time) a patient seeks care in any given year, they are considered among the primary sources of income for health care providers. This is especially true in cases where providers have agreed to reduce their fees in order to be a part of a network. The co-payments that they receive from network patients are intended to help them recover a portion of the reduced fees. So why would physicians want to give up this portion of their cash flow?

**It's simple. They don't lose money. In fact, they make more through increased utilization, excessive testing, and often over-billing insurance carriers.**

**Consider the following:**

Co-payments and deductibles are something that consumers willingly accept responsibility for. Their employers enter into contractual arrangements with insurance carriers with the

*maybe  
we should  
write  
release  
into  
his  
abstract*

understanding that certain rates have been granted based partially on the amount of co-payments and deductibles. Rates are significantly lower for higher deductibles and co-payments, but not for the reasons you may think. Co-payments and deductibles actually represent a small portion of a consumer's medical costs, but they are the initial costs, and often times charges that they incur every time they seek care, or have a test done. Co-payments are a mechanism which helps patients associate value with receiving health care services. **They are the single most effective means to keep utilization and costs low.** **A \$15 co-pay is not going to keep someone with a broken leg from seeking treatment, but it usually deters them from going to the emergency room for a headache.**

The effects of co-payments on utilization are best illustrated with an experience at American Medical Security. A few years ago, we introduced a line of benefit products called our Gold Plans. The Gold Plans had a small co-pay, ranging from \$5-\$20, which the insured paid to the provider at the time of service. What was different about the Gold Plans is that they also included a co-payment per service. So, an insured with a \$5 co-pay paid \$5 for every x-ray, every test, etc. in addition to the \$5 per visit.

What was the result? Consumers began to notice how many charges there were for different services. Utilization decreased sharply for things like small cuts and scrapes, poison ivy rashes, and stomachaches. In fact, when renewal time came around, rates remained virtually unchanged for our \$20 Gold plans. **Knowing that they would be responsible for \$20 of every service performed taught consumers to only seek care when they needed it, which helps keep costs low for everyone.** Rates were increased on our \$5 co-pay plans because utilization was higher. In this case, consumer responsibility of amounts as low as \$15 were very effective in controlling health care costs.

We also noticed a sharp decline in fraudulent claims. If our auditors did not catch suspicious claims, the customers were quick to call when they received a bill for services that were not performed. **Our customers became the best watchdogs in fighting insurance fraud.**

**Allowing physicians to arbitrarily waive co-pays and deductibles results in a domino effect of negative health care trends.** Once a deductible has been waived, utilization skyrockets, which increases costs for all policyholders. Quality of care suffers if physicians order excessive and unnecessary testing to recover the waived fees. There is a greater temptation for fraudulent billing. In addition, the contracts that carriers have with not only network physicians but the people they insure are violated.

AMERICAN  
MEDICAL SOCIETY

MARY JANE RINTELMAN  
Vice President of Government Affairs

414-661-2736  
800-232-5432 ext. 12736  
Fax 414-661-3270

3100 AMS Blvd.  
P.O. Box 19032  
Green Bay, WI 54307-9032

R

AMY McGEE  
Legislative Coordinator

414-661-1353  
800-232-5432 ext. 11353  
Fax 414-661-3270

3100 AMS Blvd.  
P.O. Box 19032  
Green Bay, WI 54307-9032

Mark Green →

Concern →

- 1) pat. w/o responsib.
- 2) contractual relation. broken.
- 3) prevent care w/ copay
- 4) decrease in quality of care.
- 5) federal laws: U.S.C. Statutes (18.286) § 286
- 6) fee for service falls on clients w/o copay

## **Comments Regarding LRB- 2997/1 Waiver of Co-Pay and Deductible at Physician's Discretion**

Most health insurance policies require the policy holder to be responsible for a portion of medical bills. This can be in the form of a co-payment, which is usually a nominal amount (\$5 - \$25) paid by the patient at the time of service. It may also be a deductible, or a fixed amount the patient is responsible for before insurance coverage begins. This amount usually ranges anywhere from \$100 to \$1500 or more. The co-payments and deductibles are paid directly to the health care provider. Each policy has a specified out-of-pocket maximum, meaning that any costs incurred after this amount is reached are paid by the insurance company.

**It is our feeling that allowing physicians to arbitrarily waive charges which are the patients responsibility removes the strongest proven mechanism against over utilization, unnecessary procedures and testing, and fraudulent billing practices. American Medical Security does not object to physicians waiving co-payments or deductibles in cases of financial hardship - which they are allowed to do under current law.**

Representative Handrick is proposing that a physician may waive the deductible or co-pay regardless of the financial circumstances of the patient. Current law states that a physician may only do so in cases where the patients is experiencing financial hardship. **While it may appear that this is a simple proposal granting physicians and other health care providers the option to reduce fees for the sake of their patients, the end result may be increased costs for everyone.**

Carriers generally do not object to health care providers waiving co-payments or deductibles if providers do not try to shift the costs to other consumers. In today's competitive marketplace most physicians cannot afford to sacrifice the revenue co-payments and deductibles bring in. Because co-payments and deductibles are most often related to the first few instances (and frequently the only time) a patient seeks care in any given year, they are considered among the primary sources of income for health care providers. This is especially true in cases where providers have agreed to reduce their fees in order to be a part of a network. The co-payments that they receive from network patients are intended to help them recover a portion of the reduced fees. **So why would physicians want to give up this portion of their cash flow?**

**It's simple. They don't lose money. In fact, they make more through increased utilization, excessive testing, and often over-billing insurance carriers.**

**Consider the following:**

Co-payments and deductibles are something that consumers willingly accept responsibility for. Their employers enter into contractual arrangements with insurance carriers with the



understanding that certain rates have been granted based partially on the amount of co-payments and deductibles. Rates are significantly lower for higher deductibles and co-payments, but not for the reasons you may think. Co-payments and deductibles actually represent a small portion of a consumer's medical costs, but they are the initial costs, and often times charges that they incur every time they seek care, or have a test done. Co-payments are a mechanism which helps patients associate value with receiving health care services. **They are the single most effective means to keep utilization and costs low.** **A \$15 co-pay is not going to keep someone with a broken leg from seeking treatment, but it usually deters them from going to the emergency room for a headache.**

The effects of co-payments on utilization are best illustrated with an experience at American Medical Security. A few years ago, we introduced a line of benefit products called our Gold Plans. The Gold Plans had a small co-pay, ranging from \$5-\$20, which the insured paid to the provider at the time of service. What was different about the Gold Plans is that they also included a co-payment per service. So, an insured with a \$5 co-pay paid \$5 for every x-ray, every test, etc. in addition to the \$5 per visit.

What was the result? Consumers began to notice how many charges there were for different services. Utilization decreased sharply for things like small cuts and scrapes, poison ivy rashes, and stomachaches. In fact, when renewal time came around, rates remained virtually unchanged for our \$20 Gold plans. **Knowing that they would be responsible for \$20 of every service performed taught consumers to only seek care when they needed it, which helps keep costs low for everyone.** Rates were increased on our \$5 co-pay plans because utilization was higher. In this case, consumer responsibility of amounts as low as \$15 were very effective in controlling health care costs.

We also noticed a sharp decline in fraudulent claims. If our auditors did not catch suspicious claims, the customers were quick to call when they received a bill for services that were not performed. **Our customers became the best watchdogs in fighting insurance fraud.**

**Allowing physicians to arbitrarily waive co-pays and deductibles results in a domino effect of negative health care trends.** Once a deductible has been waived, utilization skyrockets, which increases costs for all policyholders. Quality of care suffers if physicians order excessive and unnecessary testing to recover the waived fees. There is a greater temptation for fraudulent billing. In addition, the contracts that carriers have with not only network physicians but the people they insure are violated.



State of Wisconsin  
1995 - 1996 LEGISLATURE

LRB-2997/1  
PJK:jrd:jlb

1 AN ACT to repeal 146.905 of the statutes; relating to: removing the prohibition  
2 against reducing provider fees.

---

*Analysis by the Legislative Reference Bureau*

Under current law, a health care provider or a pharmacist who provides a service or a product to an individual with coverage under a health insurance policy may not reduce or eliminate a copayment or a deductible that is required under the policy, or offer to do so, unless payment of the total fee would impose an undue financial hardship on the individual. This bill repeals the prohibition against reducing or eliminating a copayment or a deductible altogether.

---

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

3 SECTION 1. 146.905 of the statutes is repealed.

4 (END)

Wisconsin Statutes - Insurance Related Laws  
Chapter 146 -- MISCELLANEOUS HEALTH PROVISIONS

146.905 Reduction of coinsurance or deductible prohibited

(1) Except as provided in sub. (2), a health care provider, as defined in s. 146.81(1), or a pharmacist licensed under ch. 450, that provides a service or a product to an individual with coverage under a disability insurance policy, as defined in s. 632.895(1)(a), may not reduce or eliminate or offer to reduce or eliminate coinsurance or a deductible required under the terms of the disability insurance policy.

(2) Subsection (1) does not apply if payment of the total fee would impose an undue financial hardship on the individual receiving the service or product.

HISTORY 1991 Act 250, § 9.

DATE NEW 1991

SUBJECT CATEGORY 060 - Health insurance / insurers  
300 - The policy

INDEX < Deductibles > < Health care providers > < Waivers >  
< Copayments > < Health care providers > < Waivers >  
< Health insurance > < Deductibles > < Health care providers >  
< Pharmaceutical services > < Deductibles > < Waivers >

INFORMATION TYPE TEXT

DOCUMENT ID WI STAT RL 146.905

=====



# State Medical Society of Wisconsin

*Over 150 Years of Caring*

---

**TO:** State Representative Joseph Handrick

**FROM:** M. Colleen Wilson, Legislative Counsel  
Government Relations

**RE:** Proposed Circulation Memo for LRB 2997  
relating to repealing Wis. Stat. sec. 146.905

**DATE:** August 28, 1995

Following is proposed language for the circulation memo for the aforementioned bill draft.

LRB 2997/1 proposes the repeal of Wis. Stat. sec. 146.905, which currently prohibits health care providers from waiving or reducing an individual's health insurance copayment or deductible. Current law only allows the waiver or reduction of a copayment or deductible in the case of undue financial hardship, but fails to define undue financial hardship, thereby imposing a significant burden on patients and providers alike, as they both struggle to make that determination. Repealing Wis. Stat. sec. 146.905 leaves the determination to the provider, who would be given the ability to make the decision on a case-by-case basis without fear of violating the law.

A copy of the LRB analysis and proposed language follows. Please contact my office at 266-7141 if you would like to sign on as a co-author.

Please feel free to use this language, or any other variation of it. If you have any questions, please contact me at (608)257-6781.

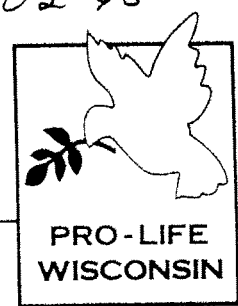
MARCIA J. S. RICHARDS, MD, *President*  
RICHARD H. ULMER, MD, *President-Elect*  
THOMAS L. ADAMS, CAE, *Executive Vice President*  
HARRY J. ZEMEL, MD, *Treasurer*



Mary Fuji hand delivered to Pro-Life Reps + Senators 02-02-95

# PRO-LIFE WISCONSIN

P.O. BOX 8104 • JANESVILLE, WISCONSIN 53547-8104  
(608) 757-9990 • FAX (608) 757-9993



Mary C. Matuska  
State Director

February 1, 1994

To: Selected Legislators

From: Mary Catherine Matuska, state director *mcm*

Re: LRB 0796/1 "Insurance Coverage for Contraceptives" - promoted by Rep. Rebecca Young (D-Madison)

Pro-Life Wisconsin strongly opposes LRB 0796 for the following reasons:

**1) LRB 0796 is a pro-abortion bill.** Although the term "contraceptive" is used, implying *prevention* of pregnancy, the bill is worded in such a way that it includes in the coverage chemicals and devices that sometimes *terminate the life of a tiny human being, causing an early abortion*. Such drugs and instruments are known as "abortifacients". Rep. Young claims that this bill does not cover abortifacients, but this claim is false.

Section 7, lines 14-17 state, "Contraceptive article does *not* include any drug...or device of any nature prescribed for the use in terminating the pregnancy of a woman who is known by the prescribing licensed health care provider to be pregnant." (emphasis added) Articles such as Norplant and Depo-Provera often cause early abortions, but because they are intended to prevent pregnancy, they would still be included for coverage, even with this updated definition. Only singly-intended abortion-causing devices/drugs such as the abortion pill, RU 486, would be excluded.

Example: Norplant is suppose to suppress ovulation, thus preventing the possibility of pregnancy. However, according to researchers, ovulation still occurs nearly 50% of the time. If fertilization does take place and a new human being is formed, Norplant works to terminate the pregnancy by altering the mother's uterine lining, preventing implantation, and thus causing a chemical abortion.

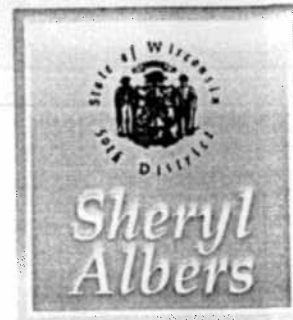
"Known to be pregnant" problem: With such wording included, numerous abortions could be performed as "menstrual extractions". The lining of the uterus, and any preborn baby who may be present, is removed. Such a procedure may be performed upon a woman without first obtaining a pregnancy test---thus, a woman undergoes an abortion without actually being "known to be pregnant".

**2) Pro-lifers would be forced to pay thousands of dollars to fund early abortions.** According to the Fiscal Estimate of last year's version of this bill, "a staff model HMO...has estimated a \$.91 per member/per month cost to provide contraceptive articles." Health care costs continue to rise, and this pro-abortion bill forces individuals to pay nearly \$1 more per month to fund these chemicals and devices. We respect innocent human life from the moment of fertilization, and this would mandate our participation in destroying these innocent human beings.

**3) "Contraceptive services" are not medically necessary.** In fact, many health problems are caused by contraceptives. For example, Norplant can change lipid metabolism which can adversely affect blood pressure and risk of heart attack. It also can cause frequent numbness, increased body weight, and uterine cramping. As a matter of fact, on June 16, 1994 a national class action lawsuit was filed against Norplant's distributor, Wyeth-Ayerst Laboratories, on behalf of 200 women seeking damages for pain, suffering, and scaring due to Norplant. On April 11, 1994, the *Birmingham Post-Herald* reported that an Alabama woman died from a "lack of oxygen to the brain" after a surgical attempt to remove Norplant.

**4) Many Wisconsinites are morally opposed to both contraceptives and abortifacients and should not be forced to subsidize either.**

Our state office has resource materials outlining the problems with Norplant, Depo-Provera, "the birth control pill", etc. Please feel free to contact our office for any information or to discuss this piece of pro-abortion legislation. Thank you for your time and attention to this crucial matter.



April 12, 1995

Representative Rebecca Young  
P.O. Box 8953  
Madison, WI 53708

Dear Representative Young:

I am writing in response to your request for a public hearing regarding Assembly Bill 131 relating to requiring disability insurance policies to cover contraceptive articles and services.

I believe similar legislation was advanced last session while I served on the Insurance, Securities, and Corporate Policy committee. My position from last session should give you an indication that I see no reason to have a hearing in the immediate future.

Thank you for taking the time to write.

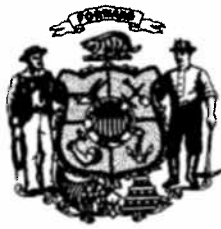
Sincerely,

Sheryl K. Albers  
State Representative  
50th Assembly District

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.



APR 05 1995

REBECCA YOUNG

STATE REPRESENTATIVE • SEVENTY-SIXTH ASSEMBLY DISTRICT

April 3, 1995

Representative Sheryl Albers, Chairperson  
Assembly Committee on Insurance, Securities,  
and Corporate Policy  
State Capitol, Room 136 South  
Madison, WI 53708

Dear Representative Albers:

I am writing to respectfully request that your committee hold a public hearing on one of my bills, Assembly Bill 131, relating to requiring disability insurance policies to cover contraceptive articles and services.

This bill was introduced and referred to your committee on February 14th, over a month ago.

I believe that contraceptives are obviously an integral component of family planning that all families should have available to them and which would save scarce health care funds and prevent abortions. Consequently, I view AB 131 as a modest proposal toward that end.

Thank you for your consideration.

Sincerely,

REBECCA YOUNG  
State Representative  
76th Assembly District

RY/bk

*To Rebecca:  
I believe similar legislation  
was advanced last session.  
~~and~~ while I served on  
the committee. My position  
from last session should  
give you indication that I  
see no reason to have a  
hearing in the immediate future*