1999 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB63)

Received: **03/25/99**

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Terry Musser (608) 266-7461**

By/Representing: **Marlene**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact:

Alt. Drafters:

Subject: **Employ Pub - miscellaneous**
Insurance - health

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Private employer health care coverage

Instructions:

See Attached.

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	champra 03/27/99	wjackson 03/29/99		_____ _____			
/1			jfrantze 03/30/99	_____ _____	lrb_docadmin 03/30/99	lrb_docadmin 03/30/99	
/2	kahlepj 04/23/99 champra 04/27/99	wjackson 04/28/99	jfrantze 04/28/99	_____ _____ _____ _____	lrb_docadmin 04/28/99	lrb_docadmin 04/28/99	

FE Sent For:

LRBs0030

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/?	champra 03/27/99	wjackson 03/29/99		_____ _____			
/1		/2 WLj 4/28	jfrantze 03/30/99	_____ _____	lrb_docadmin 03/30/99	lrb_docadmin 03/30/99	

FE Sent For: 4/28 4/28

<END>

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FE Sent For:

<END>

"Marlene" — Rep. Musser's office

[redacted]

Assembly Bill 63
Modifications

P.4 Line 11

Delete "8. Two members who represent the public interest.

leaves 9-member board

Comment:

The "public interest" will be represented on the board by the employers and employees, therefore, additional public interests representation is redundant. It is most important that the appropriate expertise be represented on the board. It is also important the board be reasonable in terms of the total number of members.

P.8 Line 15

Delete: "establish and administer"
Substitute: "negotiate and seek bids for".

P.8 Lines 19-20

Delete: "health" line 19
Delete: "care coverage plan" line 20

P.8 Line 20 add: "small employer health care purchasing alliance,"

P.8 Lines 22

Following "plan" add "the department shall solicit and accept bids for administration of the alliance based on criteria established by the private sector health care coverage board."

Comment:

These changes clarify that a third party will administer the alliance based on a bid proposal process, and according to criteria established by the private sector board. This criteria would likely include the following:

(1) a proven ability to administer group insurance.
(2) Effectiveness in claims payment.
(3) Effectiveness in adjudication of claims.
(4) Reasonable charges for administering the pool
(5) Ability to perform all eligibility and administrative claims functions for plans available through the pool.
(6) Ability to establish premium billing and collection procedures.
(7) Ability to ensure timely payment of claims and benefits.
(8) Ability to make timely payments to provide consistent with contract provisions
(9) Ability to create and implement a marketing strategy for the purchasing pool.
(10) Ability to perform the daily operations of the pool including data collection, reports to the Private Employer Health Care Coverage Board, etc..

[redacted]

P.9 Line 7
Substitute "may" for "shall"
After "county" substitute "or" for "and"
After "other" add "regional"

P.9 Line 8
Delete "department" and substitute "Private Sector Health Care Board."

P.9 Line 18
Substitute "shall" for "may"
Delete: "with any person"

P.13 Line 4
Delete: "2007" and substitute: "2010"

P.13 Line 7
Delete: "2007" and substitute: "2010"

Pg. 5 - line 5.... after costs for
.... designing, negotiating & seeking bids
Pg. 8 Line 15 (use same language)

Pg. 5 Line 14....
delete....designing & establishing, and
Pg. 9, Line 13 ..... delete "administering
Pg. 11, Line 14..... insert "small employer health care purchasing alliance
& delete "health care coverage plan"

Pg. 11 Lines 18 - Pg. 12 line 2
consider deleting entire paragraph
Pg. 11 line 17.... after "the" delete "health care coverage plan & insert "small employer health care purchasing plan"
& also add.....

~~over~~

" the private employer health care coverage board may submit ~~proposed~~ recommendations relating to the continued operation of the small employer health care purchasing plan to the appropriate standing committees under s. 13.172(3) at the time that the board submits its report.

Page 12 lines 16-22
Review w/ drafter

line 20 & 21..... Delete "private employer health care coverage plan" & add small employer health care purchasing alliance

Page 12 - lines 10-15 - review dates of board appts. w/ drafter

Page 13
Line 1-2 (Check with drafter @ what is repealed on that date.)

D-Note

State of Wisconsin
1999 – 2000 LEGISLATURE

LRB-1238/1
RAC&PJK:wlj:km

ASA to

LRB5003 0/1
RAC & PJK:WLJ

Soon

1999 ASSEMBLY BILL 63

WPO: Please check Auto Refs

January 28, 1999 – Introduced by Representatives MUSSER, TURNER, RYBA, BOCK, LA FAVE, SYKORA, AINSWORTH, WASSERMAN, HEBL, HUBER, GOETSCH, OLSEN, HOVEN, HANDRICK, LASSA, KREUSER, POCAN, MILLER, ZIEGELBAUER, SINICKI, BERCEAU, ALBERS, PETTIS, HUNDERTMARK, J. LEHMAN, GRONEMUS, STASKUNAS, SERATTI, SKINDRUD, BOYLE, KESTELL, PLOUFF and PORTER, cosponsored by Senators MOEN, BRESKE, BAUMGART, WIRCH, PLACHE, ROBSON, GEORGE, DECKER, CLAUSING, FITZGERALD and ROESSLER. Referred to Committee on Small Business and Economic Development.

Regen

AN ACT ***to repeal*** 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5), 20.515 (2) (title), 20.515 (2) (a), 20.515 (2) (g) and subchapter X of chapter 40 [precedes 40.98]; ***to amend*** 40.02 (26) (intro.), 40.02 (26) (intro.), 40.02 (28) and 40.02 (28); and ***to create*** 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5), 20.515 (2) (title), 20.515 (2) (a), 20.515 (2) (g) and subchapter X of chapter 40 [precedes 40.98] of the statutes; **relating to:** requiring the department of employe trust funds to establish a health care coverage plan for employers in the private sector, creating a private employer health care coverage board and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill requires the department of employe trust funds (DETF), after consulting with the departments of commerce and health and family services and the office of the commissioner of insurance, to design, establish and administer a health care coverage plan for employers in the private sector. The bill also creates a private employer health care coverage board (PEHCCB) that is responsible for approving the health care coverage plan before DETF may implement the plan. The membership of the PEHCCB consists of the secretary of employe trust funds, the secretary of

health and family services, a member who represents health maintenance organizations, a member who represents hospitals, a member who represents insurance agents, a member who represents insurers, two employes who are eligible to receive health care coverage under the plan and whose employer employs not more than 50 employes, two members who represent employers that employ not more than 50 employes and who are eligible to offer health care coverage under the plan, a member who is a physician and two members who represent the public interest.

The key features of the private employer health care coverage plan are as follows:

1. Any employer in the private sector that employs two or more employes is eligible to participate in the plan.

2. Any employer that participates in the plan must offer the health care coverage to all of its permanent employes who have a normal work week of 30 or more hours and may offer the coverage to any of its other employes.

3. Any employer that participates in the plan must provide health care coverage under the plan to at least 50% (or a higher percentage specified by the PEHCCB) of its permanent employes who have a normal work week of 30 or more hours.

4. Any employer that participates must pay, on behalf of each employe who has coverage, at least 50% but not more than 100% of the lowest premium that would be available to the employer for the coverage.

5. Any employer that participates in the plan and that voluntarily terminates the coverage must wait at least three years before the employer may participate again.

6. Any insurer that offers the plan must provide coverage under the plan to any employer that applies for coverage, without regard to the health condition or claims experience of any individual who would have coverage, as long as the employer pays the premium and agrees to comply with plan requirements.

7. The health care coverage plan is subject to all provisions of the state insurance code to the same extent as any other group health benefit plan that is offered in the private sector.

8. The plan may not be combined with any health care coverage plan offered by DETF to state employes.

9. The plan may only be sold by licensed insurance agents in this state.

10. DETF is prohibited from selling any health care coverage under the plan or enrolling any employe under the plan, but DETF may publicize the availability of the health care coverage plan for employers.

11. DETF is authorized to contract with any person to provide services relating to the administration of the health care coverage plan.

12. The commission rate for the sale of the plan is set by the PEHCCB.

13. DETF is required to charge employers who participate in the plan a fee to cover the costs of designing, establishing and administering the plan.

14. The plan is sunset on January 1, 2007.

Under the bill, the PEHCCB is required to report annually to the governor and the legislature on the operation of the plan. In addition, no later than January 1,

~~2005, the PEHCCB must submit a report to the governor and the legislature that offers recommendations as to whether DETF should continue to administer the plan, whether a different state agency should administer the plan or whether the plan should be administered by a private nonprofit organization. If the PEHCCB recommends that a different state agency administer the health care coverage plan or that the health care coverage plan be administered by a private nonprofit organization, the PEHCCB must submit proposed legislation relating to the recommendation at the time the PEHCCB submits its report.~~

~~For further~~ information see the ***state*** fiscal estimate, which ~~will be printed~~ as an appendix to this bill.

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

SECTION 1. 13.94 (1) (p) of the statutes is created to read:

13.94 **(1)** (p) No later than January 1, ~~2005~~ 2008, prepare a program evaluation audit of the private employer health care coverage plan established under subch. X of ch. 40. The legislative audit bureau shall file a copy of the audit report under this paragraph with the distributees specified in par. (b).

SECTION 2. 13.94 (1) (p) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 3. 15.07 (1) (b) 21. of the statutes is created to read:

15.07 **(1)** (b) 21. Private employer health care coverage board.

SECTION 4. 15.07 (1) (b) 21. of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 5. 15.165 (5) of the statutes is created to read:

15.165 **(5)** PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD. (a) There is created in the department of employe trust funds a private employer health care coverage board consisting of the secretary of employe trust funds or his or her designee, the secretary of health and family services or his or her designee and the following members appointed for 3–year terms:

1. One member who represents health maintenance organizations.

2. One member who represents hospitals.

3. One member who represents insurance agents, as defined in s. 628.02 (4).

4. Two members who are employes eligible to receive health care coverage under subch. X of ch. 40 and whose employer employs not more than 50 employes.

5. One member who represents insurers.

6. Two members who are, or who represent, employers that employ not more than 50 employes and who are eligible to offer health care coverage under subch. X of ch. 40.

7. One member who is a physician, as defined in s. 448.01 (5).

~~8. Two members who represent the public interest.~~

(b) The secretary of employe trust funds or his or her designee and the secretary of health and family services or his or her designee shall be nonvoting members.

SECTION 6. 15.165 (5) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 7. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

			1999–00	2000–01
20.515 Employe trust funds, department of				
(2) PRIVATE EMPLOYER HEALTH CARE COVERAGE PLAN				
(a) Private employer health care coverage plan; start–up costs	GPR	A	–0–	–0–

SECTION 8. 20.515 (2) (title) of the statutes is created to read:

20.515 **(2)** (title) PRIVATE EMPLOYER HEALTH CARE COVERAGE PLAN.

SECTION 9. 20.515 (2) (title) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 10. 20.515 (2) (a) of the statutes is created to read:

20.515 **(2)** (a) *Private employer health care coverage plan; start–up costs.* The amounts in the schedule for the start–up costs for designing, establishing and administering the private employer health care coverage plan under subch. X of ch. 40.

contracting for the provision of health care coverage and administrative services under

SECTION 11. 20.515 (2) (a) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 12. 20.515 (2) (g) of the statutes is created to read:

20.515 **(2)** (g) *Private employer health care coverage plan.* All moneys received under subch. X of ch. 40 from employers who elect to participate in the private employer health care coverage plan under subch. X of ch. 40, for the costs of designing, establishing and administering the plan.

SECTION 13. 20.515 (2) (g) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 14. 40.02 (26) (intro.) of the statutes is amended to read:

40.02 **(26)** (intro.) "Employe" means any person who receives earnings as payment for personal services rendered for the benefit of any employer including officers of the employer, except as provided in subch. X. An employe is deemed to have separated from the service of an employer at the end of the day on which the employe last performed services for the employer, or, if later, the day on which the employe–employer relationship is terminated because of the expiration or termination of leave without pay, sick leave, vacation or other leave of absence. A person shall not be considered an employe if a person:

A.R. (A)

SECTION 15. 40.02 (26) (intro.) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

40.02 **(26)** (intro.) "Employe" means any person who receives earnings as payment for personal services rendered for the benefit of any employer including officers of the employer~~, except as provided in subch. X~~. An employe is deemed to have separated from the service of an employer at the end of the day on which the employe last performed services for the employer, or, if later, the day on which the employe–employer relationship is terminated because of the expiration or termination of leave without pay, sick leave, vacation or other leave of absence. A person shall not be considered an employe if a person:

SECTION 16. 40.02 (28) of the statutes is amended to read:

40.02 **(28)** "Employer" means the state, including each state agency, any county, city, village, town, school district, other governmental unit or instrumentality of 2 or more units of government now existing or hereafter created within the state ~~and~~, any federated public library system established under s. 43.19 whose territory lies within a single county with a population of 500,000 or more <u>and a local exposition district created under subch. II of ch. 229</u>, except as provided under ss. 40.51 (7) and 40.61 (3)~~, or a local exposition district created under subch. II of ch. 229~~ <u>and subch. X</u>. Each employer shall be a separate legal jurisdiction for OASDHI purposes.

A.R. (B)

SECTION 17. 40.02 (28) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

40.02 **(28)** "Employer" means the state, including each state agency, any county, city, village, town, school district, other governmental unit or instrumentality of 2 or more units of government now existing or hereafter created

within the state, any federated public library system established under s. 43.19 whose territory lies within a single county with a population of 500,000 or more and a local exposition district created under subch. II of ch. 229, except as provided under ss. 40.51 (7) and 40.61 (3) ~~and subch. X~~. Each employer shall be a separate legal jurisdiction for OASDHI purposes.

SECTION 18. Subchapter X of chapter 40 [precedes 40.98] of the statutes is created to read:

CHAPTER 40

SUBCHAPTER X

PRIVATE EMPLOYER HEALTH

CARE COVERAGE

40.98 Health care coverage. (1) In this subchapter:

(ar) "Board" means the private employer health care coverage board.

(b) "Dependent" means a spouse, an unmarried child under the age of 19 years, an unmarried child who is a full–time student under the age of 21 years and who is financially dependent upon the parent, or an unmarried child of any age who is medically certified as disabled and who is dependent upon the parent.

(c) "Employe" means any person who receives earnings as payment for personal services rendered for the benefit of any employer including officers of the employer. An employe is considered to have separated from the service of an employer at the end of the day on which the employe last performed services for the employer, or, if later, the day on which the employe–employer relationship is terminated because of the expiration or termination of leave without pay, sick leave, vacation or other leave of absence. A person shall not be considered an employe if any of the following applies:

1. The person is employed under a contract involving the furnishing of more than personal services.

2. The person is customarily engaged in an independently established trade, business or profession providing the same type of services to more than one employer and the person's services to an employer are not compensated for on a payroll of that employer.

3. The person is a patient or inmate of a hospital, home or institution and performs services in the hospital, home or institution.

(d) "Employer" means any person doing business or operating an organization in this state and employing at least 2 employes. "Employer" does not include an employer as defined in s. 40.02 (28).

(e) "Health care coverage plan" means the health care coverage plan established under sub. (2) (a).

(f) "Insurer" has the meaning given in s. 600.03 (27).

(2) (a) The department shall design, establish and administer an actuarially sound health care coverage plan for employers that provides coverage beginning not later than January 1, 2002. In designing the health care coverage plan, the department shall consult with the departments of commerce and health and family services and the office of the commissioner of insurance. In establishing the health care coverage plan the department shall solicit and accept bids and enter into contracts with insurers who are to provide health care coverage under the health care coverage plan. The health care coverage plan is subject to the provisions of chs. 600 to 646 that apply to group health benefit plans, as defined in s. 632.745 (9), to the same extent as any other group health benefit plan, as defined in s. 632.745 (9).

The health care coverage plan shall be known as the "Private Employer Health Care Purchasing Alliance".

Before the health care coverage plan may be implemented, the board must approve the plan.

(am) The health care coverage plan established under par. (a) may not be combined with any health care coverage plan under subch. IV.

(b) The health care coverage plan shall require that all insurance rates for health care coverage under the plan be published annually in a single publication that is made available to employers and employes. The rates ~~shall~~ may be listed by county ~~and~~ or by any other regional factor that the ~~department~~ board considers appropriate.

(c) The health care coverage plan shall have an enrollment period that is established by the board.

(d) The department shall charge employers who participate in the health care coverage plan a fee to cover the department's cost in designing, ~~establishing~~ and ~~administering~~ contracting for the provision of health care coverage and administrative services under the health care coverage plan. All moneys received under this paragraph shall be credited to the appropriation account under s. 20.515 (2) (g).

(e) The department may not sell any health care coverage under the health care coverage plan to an employer or enroll any employe in the health care coverage plan, but the department may publicize the availability of the health care coverage plan for employers.

(f) The department ~~may enter into a contract with any person to provide services relating to~~ shall solicit and accept bids for the administration of the health care coverage plan.

(3) Any employer who participates in the health care coverage plan shall do all of the following:

(a) Offer health care coverage under the plan to all of its permanent employes who have a normal work week of 30 or more hours and may offer health care coverage under the plan to any of its other employes.

(b) Provide health care coverage under the plan to at least 50% of its permanent employes who have a normal work week of 30 or more hours and who do not otherwise receive health care coverage as a dependent under any other plan that is not offered by the employer or a percentage of such employes specified by the board, whichever percentage is greater.

(c) Pay for each employe at least 50% but not more than 100% of the lowest premium rate that would be available to the employer for that employe's coverage under the health care coverage plan.

(d) Make premium payments for the health care coverage of its employes in the manner specified by the board.

(4) Any employer that provides health care coverage for its employes under the plan and that voluntarily terminates coverage under the plan is not eligible to participate in the plan for at least 3 years from the date that coverage is terminated.

(5) Any insurer that offers health care coverage under the health care coverage plan shall provide coverage under the plan to any employer that applies for coverage, and to all of the employer's employes who elect coverage under the health care coverage plan, without regard to the health condition or claims experience of any individual who would be covered under the health care coverage plan if all of the following apply:

(a) The employer agrees to pay the premium required for coverage under the health care coverage plan.

(b) The employer agrees to comply with all provisions of the health care coverage plan that apply generally to a policyholder or an insured without regard to health condition or claims experience.

(6) (a) ~~The~~ Health care coverage under the health care coverage plan may only be sold by insurance agents licensed under ch. 628.

(b) An insurance agent may not sell any health care coverage under the health care coverage plan on behalf of an insurer unless he or she is employed by the insurer or has a contract with the insurer to sell the health care coverage on behalf of the insurer.

(c) The board shall set, and may adjust as often as semiannually, the commission rate for the sale of a policy under the health care coverage plan. The rate shall be based on the average commission rate that insurance agents are paid in the state for the sale of comparable health insurance policies at the time that the rate is set or adjusted.

(d) An insurer shall specify on the first page of any policy sold under the health care coverage plan the amount of the commission paid to the insurance agent.

(7) ~~(b)~~ Annually, on or before December 31, the board shall submit a report to the appropriate standing committees under s. 13.172 (3) and to the governor on the operation of the health care coverage plan. The report shall specify the number of employers participating in the health care coverage plan, calculate the costs of the health care coverage plan to employers and their employes and include recommendations for improving the health care coverage plan.

~~(b) No later than January 1, 2005, the board shall submit a report to the appropriate standing committees under s. 13.172 (3) and to the governor that offers recommendations as to whether the department should continue to administer the health care coverage plan, whether a different state agency should administer the health care coverage plan or whether the health care coverage plan should be administered by a private nonprofit organization. If the board recommends that a different state agency administer the health care coverage plan or that the health care coverage plan be administered by a private nonprofit organization, the board~~

shall submit proposed legislation to the appropriate standing committees under s. 13.172 (3) at the time that the board submits its report.

SECTION 19. Subchapter X of chapter 40 [precedes 40.98] of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 20. Nonstatutory provisions.

(1) PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD. Notwithstanding the length of terms specified for the members of the private employer health care coverage board under section 15.165 (5) of the statutes, as created by this act, the initial members shall be appointed for the following terms:

(a) The members specified under section 15.165 (5) (a) 1., 3. and 7. of the statutes, as created by this act, for terms expiring on May 1, 2002.

(b) The members specified under section 15.165 (5) (a) 2., 5. and 8. of the statutes, as created by this act, for terms expiring on May 1, 2003.

(c) The members specified under section 15.165 (5) (a) 4. and 6. of the statutes, as created by this act, for terms expiring on May 1, 2004.

(2) POSITION AUTHORIZATIONS FOR THE DEPARTMENT OF EMPLOYE TRUST FUNDS. The authorized FTE positions for the department of employe trust funds are increased by 3.5 GPR positions on the effective date of this subsection, to be funded from the appropriation under section 20.515 (2) (a) of the statutes, as created by this act, for the purpose of designing, establishing and administering the private employer health care coverage plan under subchapter X of chapter 40 of the statutes, as created by this act.

SECTION 21. Effective dates. This act takes effect on the day after publication, except as follows:

contracting for the provision of health care coverage and administrative services under

(1) The repeal of section 20.515 (2) (a) of the statutes takes effect on January 1, 2002.

A.R. (A) A.R. (B)

(2) The amendment of section 40.02 (26) (intro.) (by SECTION 15) and (28) (by SECTION 17) of the statutes takes effect on January 1, ~~2007~~. 2010

(3) The repeal of sections 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5) and 20.515 (2) (title) and (g) and subchapter X of chapter 40 of the statutes takes effect on January 1, ~~2007~~. 2010

(END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0030/1dn
RAC:.../...
WLJ

I have prepared this substitute amendment to achieve your intent to require the department of employe trust funds (DETF) to contract out for the administration of the health care coverage plan for private employers. In places, I have deviated from the proposed language for the purpose of clarity and consistency and to ensure that your intent is accomplished. Please note in particular the following:

1. There seems to be some inconsistency with respect to the use of the concepts "health care coverage plan", "health care coverage" and "small employer health care purchasing alliance". For the sake of consistency and clarity, I have done the following: First, I have required DETF to design the "health care coverage plan"; Second, I have specified that the "health care coverage plan" shall be known as the "Private Employer Health Care Purchasing Alliance". I have not referred to small employers because coverage under the plan is available to any private sector employer with at least two employes. Even though the draft continues to refer to the "health care coverage plan", the plan will be known as the "Private Employer Health Care Purchasing Alliance". Finally, I have required DETF to contract for the provision of "health care coverage" under the "health care coverage plan".

2. Because the sunset date for the Private Employer Health Care Purchasing Alliance has been moved back to January 1, 2010, I adjusted the date on which the legislative audit bureau must file its copy of the program evaluation of the Private Employer Health Care Purchasing Alliance. The new date is January 1, 2008.

3. Because the Private Employer Health Care Purchasing Alliance will now be administered by a private third party, there is no longer any reason to retain the reporting provision in s. 40.98 (7) (b).

4. Please note that the requirement that DETF must solicit and accept bids for the administration of the Private Employer Health Care Purchasing Alliance may be found in s. 40.98 (2) (f).

If you have any questions about this substitute amendment, please do not hesitate to contact me.

Richard A. Champagne
Legislative Attorney
Phone: (608) 266–9930
E–mail: Rick.Champagne@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0030/1dn
RAC:wlj:jf

March 29, 1999

I have prepared this substitute amendment to achieve your intent to require the department of employe trust funds (DETF) to contract out for the administration of the health care coverage plan for private employers. In places, I have deviated from the proposed language for the purpose of clarity and consistency and to ensure that your intent is accomplished. Please note in particular the following:

1. There seems to be some inconsistency with respect to the use of the concepts "health care coverage plan", "health care coverage" and "small employer health care purchasing alliance". For the sake of consistency and clarity, I have done the following: first, I have required DETF to design the "health care coverage plan"; second, I have specified that the "health care coverage plan" shall be known as the "Private Employer Health Care Purchasing Alliance". I have not referred to small employers because coverage under the plan is available to any private sector employer with at least two employes. Even though the draft continues to refer to the "health care coverage plan", the plan will be known as the "Private Employer Health Care Purchasing Alliance". Finally, I have required DETF to contract for the provision of "health care coverage" under the "health care coverage plan".

2. Because the sunset date for the Private Employer Health Care Purchasing Alliance has been moved back to January 1, 2010, I adjusted the date on which the legislative audit bureau must file its copy of the program evaluation of the Private Employer Health Care Purchasing Alliance. The new date is January 1, 2008.

3. Because the Private Employer Health Care Purchasing Alliance will now be administered by a private third party, there is no longer any reason to retain the reporting provision in s. 40.98 (7) (b).

4. Please note that the requirement that DETF must solicit and accept bids for the administration of the Private Employer Health Care Purchasing Alliance may be found in s. 40.98 (2) (f).

If you have any questions about this substitute amendment, please do not hesitate to contact me.

Richard A. Champagne
Legislative Attorney
Phone: (608) 266–9930
E–mail: Rick.Champagne@legis.state.wi.us

(1) Keep sunsets

(2) Put the report back in

(3) 3 app

1) GPR B 200,000 – keep gpp

2) PR – 2000 7/1/

Johnson, including marketing,

3) GPR – 200,000

(4) Design the plan

K for admin

(5) 8, 13 – balances

(6) 7, 11 – no more dept

Page 3, line 17:

(1) ETF contracts for the administration of plan; the administrator shall enroll users in the plan.

3, 18 & 19 : fix

→ (2) p 8, 10: adverse statewide → (shall make available information _ _ _ _ _ _ _)

→

(3) 4, line 5 → include costs of marketing

p 8, 3: 3rd party administrator collects a fee

change PR appropriation to get money from the 3rd party administrator

ple 1) Program – Allowance

2) planning –

Program

– 7,9: shall be included under the allowance

8,3: DETF reimbursed

–

GPR 200,000

– July 1, 2001 – DETF K's

8,3 → Bookkeeping neg charge

(200,000 / 200,000)

State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0705/2
RAC&PJK:wlj&kg:km

1999 SENATE BILL 1

January 13, 1999 – Introduced by Senators MOEN, ROSENZWEIG, BURKE, ROBSON, WELCH, BRESKE, CHVALA, ROESSLER, PLACHE, CLAUSING, BAUMGART, DECKER, FITZGERALD, GEORGE, ERPENBACH, WIRCH, MOORE, JAUCH, RISSER and GROBSCHMIDT, cosponsored by Representatives MUSSER, KRUG, SERATTI, BOCK, KREUSER, TRAVIS, LA FAVE, KREIBICH, SCHOOFF, GRONEMUS, BLACK, MILLER, HANDRICK, STASKUNAS, BOYLE, PLOUFF, SYKORA, J. LEHMAN, HAHN, LASSA, RYBA, PLALE, BALOW, AINSWORTH, WASSERMAN, HEBL, HUBER, CARPENTER, GOETSCH, TURNER, POCAN, ZIEGELBAUER, BERCEAU, ALBERS, HASENOHRL, MEYER, SINICKI, OLSEN, MEYERHOFER, COLON, RICHARDS, SHERMAN, CULLEN, WOOD, SCHNEIDER, STEINBRINK, WILLIAMS, RILEY, COGGS, PETTIS, HUNDERTMARK, HUBLER, KRUSICK, YOUNG, KELSO and REYNOLDS. Referred to Committee on Health, Utilities, Veterans and Military Affairs.

AN ACT ***to repeal*** 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5), 20.515 (2) (title), 20.515 (2) (a), 20.515 (2) (g) and subchapter X of chapter 40 [precedes 40.98]; ***to amend*** 40.02 (26) (intro.), 40.02 (26) (intro.), 40.02 (28) and 40.02 (28); and ***to create*** 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5), 20.515 (2) (title), 20.515 (2) (a), 20.515 (2) (g) and subchapter X of chapter 40 [precedes 40.98] of the statutes; **relating to:** requiring the department of employe trust funds to establish a health care coverage plan for employers in the private sector, creating a private employer health care coverage board and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill requires the department of employe trust funds (DETF), after consulting with the departments of commerce and health and family services and the office of the commissioner of insurance, to design, establish and administer a health care coverage plan for employers in the private sector. The bill also creates a private employer health care coverage board (PEHCCB) that is responsible for approving the health care coverage plan before DETF may implement the plan. The membership of the PEHCCB consists of the secretary of employe trust funds, the secretary of

health and family services, a member who represents health maintenance organizations, a member who represents hospitals, a member who represents insurance agents, a member who represents insurers, two employes who are eligible to receive health care coverage under the plan and whose employer employs not more than 50 employes, two members who represent employers that employ not more than 50 employes and who are eligible to offer health care coverage under the plan, a member who is a physician and two members who represent the public interest.

The key features of the private employer health care coverage plan are as follows:

1. Any employer in the private sector that employs two or more employes is eligible to participate in the plan.

2. Any employer that participates in the plan must offer the health care coverage to all of its permanent employes who have a normal work week of 30 or more hours and may offer the coverage to any of its other employes.

3. Any employer that participates in the plan must provide health care coverage under the plan to at least 50% (or a higher percentage specified by the PEHCCB) of its permanent employes who have a normal work week of 30 or more hours.

4. Any employer that participates must pay, on behalf of each employe who has coverage, at least 50% but not more than 100% of the lowest premium that would be available to the employer for the coverage.

5. Any employer that participates in the plan and that voluntarily terminates the coverage must wait at least three years before the employer may participate again.

6. Any insurer that offers the plan must provide coverage under the plan to any employer that applies for coverage, without regard to the health condition or claims experience of any individual who would have coverage, as long as the employer pays the premium and agrees to comply with plan requirements.

7. The health care coverage plan is subject to all provisions of the state insurance code to the same extent as any other group health benefit plan that is offered in the private sector.

8. The plan may not be combined with any health care coverage plan offered by DETF to state employes.

9. The plan may only be sold by licensed insurance agents in this state.

10. DETF is prohibited from selling any health care coverage under the plan or enrolling any employe under the plan, but DETF may publicize the availability of the health care coverage plan for employers.

11. DETF is authorized to contract with any person to provide services relating to the administration of the health care coverage plan.

12. The commission rate for the sale of the plan is set by the PEHCCB.

13. DETF is required to charge employers who participate in the plan a fee to cover the costs of designing, establishing and administering the plan.

14. The plan is sunset on January 1, 2007.

Under the bill, the PEHCCB is required to report annually to the governor and the legislature on the operation of the plan. In addition, no later than January 1,

2005, the PEHCCB must submit a report to the governor and the legislature that offers recommendations as to whether DETF should continue to administer the plan, whether a different state agency should administer the plan or whether the plan should be administered by a private nonprofit organization. If the PEHCCB recommends that a different state agency administer the health care coverage plan or that the health care coverage plan be administered by a private nonprofit organization, the PEHCCB must submit proposed legislation relating to the recommendation at the time the PEHCCB submits its report.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 13.94 (1) (p) of the statutes is created to read:

2 13.94 **(1)** (p) No later than January 1, 2005, prepare a program evaluation audit
3 of the private employer health care coverage plan established under subch. X of ch.
4 40. The legislative audit bureau shall file a copy of the audit report under this
5 paragraph with the distributees specified in par. (b).

6 **SECTION 2.** 13.94 (1) (p) of the statutes, as created by 1999 Wisconsin Act ....
7 (this act), is repealed.

8 **SECTION 3.** 15.07 (1) (b) 21. of the statutes is created to read:

9 15.07 **(1)** (b) 21. Private employer health care coverage board.

10 **SECTION 4.** 15.07 (1) (b) 21. of the statutes, as created by 1999 Wisconsin Act
11 .... (this act), is repealed.

12 **SECTION 5.** 15.165 (5) of the statutes is created to read:

13 15.165 **(5)** PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD. (a) There is created
14 in the department of employe trust funds a private employer health care coverage
15 board consisting of the secretary of employe trust funds or his or her designee, the
16 secretary of health and family services or his or her designee and the following
17 members appointed for 3–year terms:

1. One member who represents health maintenance organizations.

2. One member who represents hospitals.

3. One member who represents insurance agents, as defined in s. 628.02 (4).

4. Two members who are employes eligible to receive health care coverage under subch. X of ch. 40 and whose employer employs not more than 50 employes.

5. One member who represents insurers.

6. Two members who are, or who represent, employers that employ not more than 50 employes and who are eligible to offer health care coverage under subch. X of ch. 40.

7. One member who is a physician, as defined in s. 448.01 (5).

8. Two members who represent the public interest.

(b) The secretary of employe trust funds or his or her designee and the secretary of health and family services or his or her designee shall be nonvoting members.

SECTION 6. 15.165 (5) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 7. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

			1999–00	2000–01
20.515 Employe trust funds, department of				
(2) PRIVATE EMPLOYER HEALTH CARE COVERAGE PLAN				
(a) Private employer health care coverage plan; start–up costs	GPR	A	–0–	–0–

SECTION 8. 20.515 (2) (title) of the statutes is created to read:

20.515 **(2)** (title) PRIVATE EMPLOYER HEALTH CARE COVERAGE PLAN.

1 **SECTION 9.** 20.515 (2) (title) of the statutes, as created by 1999 Wisconsin Act
2 .... (this act), is repealed.
3 **SECTION 10.** 20.515 (2) (a) of the statutes is created to read:
4 20.515 **(2)** (a) *Private employer health care coverage plan; start–up costs.* The
5 amounts in the schedule for the start–up costs for designing, establishing and
6 administering the private employer health care coverage plan under subch. X of ch.
7 40.
8 **SECTION 11.** 20.515 (2) (a) of the statutes, as created by 1999 Wisconsin Act ....
9 (this act), is repealed.
10 **SECTION 12.** 20.515 (2) (g) of the statutes is created to read:
11 20.515 **(2)** (g) *Private employer health care coverage plan.* All moneys received
12 under subch. X of ch. 40 from employers who elect to participate in the private
13 employer health care coverage plan under subch. X of ch. 40, for the costs of
14 designing, establishing and administering the plan.
15 **SECTION 13.** 20.515 (2) (g) of the statutes, as created by 1999 Wisconsin Act ....
16 (this act), is repealed.
17 **SECTION 14.** 40.02 (26) (intro.) of the statutes is amended to read:
18 40.02 **(26)** (intro.) "Employe" means any person who receives earnings as
19 payment for personal services rendered for the benefit of any employer including
20 officers of the employer, <u>except as provided in subch. X</u>. An employe is deemed to
21 have separated from the service of an employer at the end of the day on which the
22 employe last performed services for the employer, or, if later, the day on which the
23 employe–employer relationship is terminated because of the expiration or
24 termination of leave without pay, sick leave, vacation or other leave of absence. A
25 person shall not be considered an employe if a person:

SECTION 15. 40.02 (26) (intro.) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

40.02 **(26)** (intro.) "Employe" means any person who receives earnings as payment for personal services rendered for the benefit of any employer including officers of the employer~~, except as provided in subch. X~~. An employe is deemed to have separated from the service of an employer at the end of the day on which the employe last performed services for the employer, or, if later, the day on which the employe–employer relationship is terminated because of the expiration or termination of leave without pay, sick leave, vacation or other leave of absence. A person shall not be considered an employe if a person:

SECTION 16. 40.02 (28) of the statutes is amended to read:

40.02 **(28)** "Employer" means the state, including each state agency, any county, city, village, town, school district, other governmental unit or instrumentality of 2 or more units of government now existing or hereafter created within the state ~~and~~, any federated public library system established under s. 43.19 whose territory lies within a single county with a population of 500,000 or more <u>and a local exposition district created under subch. II of ch. 229</u>, except as provided under ss. 40.51 (7) and 40.61 (3)~~, or a local exposition district created under subch. II of ch. 229~~ <u>and subch. X</u>. Each employer shall be a separate legal jurisdiction for OASDHI purposes.

SECTION 17. 40.02 (28) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

40.02 **(28)** "Employer" means the state, including each state agency, any county, city, village, town, school district, other governmental unit or instrumentality of 2 or more units of government now existing or hereafter created

within the state, any federated public library system established under s. 43.19 whose territory lies within a single county with a population of 500,000 or more and a local exposition district created under subch. II of ch. 229, except as provided under ss. 40.51 (7) and 40.61 (3) ~~and subch. X~~. Each employer shall be a separate legal jurisdiction for OASDHI purposes.

SECTION 18. Subchapter X of chapter 40 [precedes 40.98] of the statutes is created to read:

CHAPTER 40

SUBCHAPTER X

PRIVATE EMPLOYER HEALTH

CARE COVERAGE

40.98 Health care coverage. (1) In this subchapter:

(ar) "Board" means the private employer health care coverage board.

(b) "Dependent" means a spouse, an unmarried child under the age of 19 years, an unmarried child who is a full–time student under the age of 21 years and who is financially dependent upon the parent, or an unmarried child of any age who is medically certified as disabled and who is dependent upon the parent.

(c) "Employe" means any person who receives earnings as payment for personal services rendered for the benefit of any employer including officers of the employer. An employe is considered to have separated from the service of an employer at the end of the day on which the employe last performed services for the employer, or, if later, the day on which the employe–employer relationship is terminated because of the expiration or termination of leave without pay, sick leave, vacation or other leave of absence. A person shall not be considered an employe if any of the following applies:

1. The person is employed under a contract involving the furnishing of more than personal services.

2. The person is customarily engaged in an independently established trade, business or profession providing the same type of services to more than one employer and the person's services to an employer are not compensated for on a payroll of that employer.

3. The person is a patient or inmate of a hospital, home or institution and performs services in the hospital, home or institution.

(d) "Employer" means any person doing business or operating an organization in this state and employing at least 2 employes. "Employer" does not include an employer as defined in s. 40.02 (28).

(e) "Health care coverage plan" means the health care coverage plan established under sub. (2) (a).

(f) "Insurer" has the meaning given in s. 600.03 (27).

(2) (a) The department shall design, establish and administer an actuarially sound health care coverage plan for employers that provides coverage beginning not later than January 1, 2002. In designing the health care coverage plan, the department shall consult with the departments of commerce and health and family services and the office of the commissioner of insurance. In establishing the health care coverage plan, the department shall solicit and accept bids and enter into contracts with insurers who are to provide health care coverage under the health care coverage plan. The health care coverage plan is subject to the provisions of chs. 600 to 646 that apply to group health benefit plans, as defined in s. 632.745 (9), to the same extent as any other group health benefit plan, as defined in s. 632.745 (9).

1 Before the health care coverage plan may be implemented, the board must approve
2 the plan.

3 (am) The health care coverage plan established under par. (a) may not be
4 combined with any health care coverage plan under subch. IV.

5 (b) The health care coverage plan shall require that all insurance rates under
6 the plan be published annually in a single publication that is made available to
7 employers and employes. The rates shall be listed by county and by any other factor
8 that the department considers appropriate.

9 (c) The health care coverage plan shall have an enrollment period that is
10 established by the board.

11 (d) The department shall charge employers who participate in the health care
12 coverage plan a fee to cover the department's cost in designing, establishing and
13 administering the health care coverage plan. All moneys received under this
14 paragraph shall be credited to the appropriation account under s. 20.515 (2) (g).

15 (e) The department may not sell any health care coverage plan to an employer
16 or enroll any employe in the health care coverage plan, but the department may
17 publicize the availability of the health care coverage plan for employers.

18 (f) The department may enter into a contract with any person to provide
19 services relating to the administration of the health care coverage plan.

20 **(3)** Any employer who participates in the health care coverage plan shall do all
21 of the following:

22 (a) Offer health care coverage under the plan to all of its permanent employes
23 who have a normal work week of 30 or more hours and may offer health care coverage
24 under the plan to any of its other employes.

1 (b) Provide health care coverage under the plan to at least 50% of its permanent
2 employes who have a normal work week of 30 or more hours and who do not otherwise
3 receive health care coverage as a dependent under any other plan that is not offered
4 by the employer or a percentage of such employes specified by the board, whichever
5 percentage is greater.

6 (c) Pay for each employe at least 50% but not more than 100% of the lowest
7 premium rate that would be available to the employer for that employe's coverage
8 under the health care coverage plan.

9 (d) Make premium payments for the health care coverage of its employes in the
10 manner specified by the board.

11 **(4)** Any employer that provides health care coverage for its employes under the
12 plan and that voluntarily terminates coverage under the plan is not eligible to
13 participate in the plan for at least 3 years from the date that coverage is terminated.

14 **(5)** Any insurer that offers the health care coverage plan shall provide coverage
15 under the plan to any employer that applies for coverage, and to all of the employer's
16 employes who elect coverage under the health care coverage plan, without regard to
17 the health condition or claims experience of any individual who would be covered
18 under the health care coverage plan if all of the following apply:

19 (a) The employer agrees to pay the premium required for coverage under the
20 health care coverage plan.

21 (b) The employer agrees to comply with all provisions of the health care
22 coverage plan that apply generally to a policyholder or an insured without regard to
23 health condition or claims experience.

24 **(6)** (a) The health care coverage plan may only be sold by insurance agents
25 licensed under ch. 628.

1 (b) An insurance agent may not sell any health care coverage under the health
2 care coverage plan on behalf of an insurer unless he or she is employed by the insurer
3 or has a contract with the insurer to sell the health care coverage on behalf of the
4 insurer.

5 (c) The board shall set, and may adjust as often as semiannually, the
6 commission rate for the sale of a policy under the health care coverage plan. The rate
7 shall be based on the average commission rate that insurance agents are paid in the
8 state for the sale of comparable health insurance policies at the time that the rate
9 is set or adjusted.

10 (d) An insurer shall specify on the first page of any policy sold under the health
11 care coverage plan the amount of the commission paid to the insurance agent.

12 **(7)** (a) Annually, on or before December 31, the board shall submit a report to
13 the appropriate standing committees under s. 13.172 (3) and to the governor on the
14 operation of the health care coverage plan. The report shall specify the number of
15 employers participating in the health care coverage plan, calculate the costs of the
16 health care coverage plan to employers and their employes and include
17 recommendations for improving the health care coverage plan.

18 (b) No later than January 1, 2005, the board shall submit a report to the
19 appropriate standing committees under s. 13.172 (3) and to the governor that offers
20 recommendations as to whether the department should continue to administer the
21 health care coverage plan, whether a different state agency should administer the
22 health care coverage plan or whether the health care coverage plan should be
23 administered by a private nonprofit organization. If the board recommends that a
24 different state agency administer the health care coverage plan or that the health
25 care coverage plan be administered by a private nonprofit organization, the board

shall submit proposed legislation to the appropriate standing committees under s. 13.172 (3) at the time that the board submits its report.

SECTION 19. Subchapter X of chapter 40 [precedes 40.98] of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 20. Nonstatutory provisions.

(1) PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD. Notwithstanding the length of terms specified for the members of the private employer health care coverage board under section 15.165 (5) of the statutes, as created by this act, the initial members shall be appointed for the following terms:

(a) The members specified under section 15.165 (5) (a) 1., 3. and 7. of the statutes, as created by this act, for terms expiring on May 1, 2002.

(b) The members specified under section 15.165 (5) (a) 2., 5. and 8. of the statutes, as created by this act, for terms expiring on May 1, 2003.

(c) The members specified under section 15.165 (5) (a) 4. and 6. of the statutes, as created by this act, for terms expiring on May 1, 2004.

(2) POSITION AUTHORIZATIONS FOR THE DEPARTMENT OF EMPLOYE TRUST FUNDS. The authorized FTE positions for the department of employe trust funds are increased by 3.5 GPR positions on the effective date of this subsection, to be funded from the appropriation under section 20.515 (2) (a) of the statutes, as created by this act, for the purpose of designing, establishing and administering the private employer health care coverage plan under subchapter X of chapter 40 of the statutes, as created by this act.

SECTION 21. Effective dates. This act takes effect on the day after publication, except as follows:

1 (1) The repeal of section 20.515 (2) (a) of the statutes takes effect on January
2 1, 2002.
3 (2) The amendment of section 40.02 (26) (intro.) (by SECTION 15) and (28) (by
4 SECTION 17) of the statutes takes effect on January 1, 2007.
5 (3) The repeal of sections 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5) and 20.515
6 (2) (title) and (g) and subchapter X of chapter 40 of the statutes takes effect on
7 January 1, 2007.
8 **(END)**

State of Wisconsin
1999 – 2000 LEGISLATURE

LRBs0030/1
RAC&PJK:wlj:jf

ASSEMBLY SUBSTITUTE AMENDMENT ,

TO 1999 ASSEMBLY BILL 63

1 AN ACT ***to repeal*** 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5), 20.515 (2) (title),
2 20.515 (2) (a), 20.515 (2) (g) and subchapter X of chapter 40 [precedes 40.98];
3 ***to amend*** 40.02 (26) (intro.), 40.02 (26) (intro.), 40.02 (28) and 40.02 (28); and
4 ***to create*** 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5), 20.515 (2) (title), 20.515 (2)
5 (a), 20.515 (2) (g) and subchapter X of chapter 40 [precedes 40.98] of the
6 statutes; **relating to:** requiring the department of employe trust funds to
7 establish a health care coverage plan for employers in the private sector,
8 creating a private employer health care coverage board and making an
9 appropriation.

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

10 **SECTION 1.** 13.94 (1) (p) of the statutes is created to read:

11 13.94 **(1)** (p) No later than January 1, 2008, prepare a program evaluation audit
12 of the private employer health care coverage plan established under subch. X of ch.

40. The legislative audit bureau shall file a copy of the audit report under this paragraph with the distributees specified in par. (b).

SECTION 2. 13.94 (1) (p) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 3. 15.07 (1) (b) 21. of the statutes is created to read:

15.07 **(1)** (b) 21. Private employer health care coverage board.

SECTION 4. 15.07 (1) (b) 21. of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 5. 15.165 (5) of the statutes is created to read:

15.165 **(5)** PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD. (a) There is created in the department of employe trust funds a private employer health care coverage board consisting of the secretary of employe trust funds or his or her designee, the secretary of health and family services or his or her designee and the following members appointed for 3–year terms:

1. One member who represents health maintenance organizations.

2. One member who represents hospitals.

3. One member who represents insurance agents, as defined in s. 628.02 (4).

4. Two members who are employes eligible to receive health care coverage under subch. X of ch. 40 and whose employer employs not more than 50 employes.

5. One member who represents insurers.

6. Two members who are, or who represent, employers that employ not more than 50 employes and who are eligible to offer health care coverage under subch. X of ch. 40.

7. One member who is a physician, as defined in s. 448.01 (5).

1 (b) The secretary of employe trust funds or his or her designee and the secretary
2 of health and family services or his or her designee shall be nonvoting members.
3 **SECTION 6.** 15.165 (5) of the statutes, as created by 1999 Wisconsin Act .... (this
4 act), is repealed.
5 **SECTION 7.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
6 the following amounts for the purposes indicated:

			1999–00	2000–01
7				
8 **20.515 Employe trust funds, department of**				
9 (2) PRIVATE EMPLOYER HEALTH CARE COVERAGE PLAN				
10 (a) Private employer health care				
11 coverage plan; start–up costs	GPR	A	–0–	–0–

12 **SECTION 8.** 20.515 (2) (title) of the statutes is created to read:
13 20.515 **(2)** (title) PRIVATE EMPLOYER HEALTH CARE COVERAGE PLAN.
14 **SECTION 9.** 20.515 (2) (title) of the statutes, as created by 1999 Wisconsin Act
15 .... (this act), is repealed.
16 **SECTION 10.** 20.515 (2) (a) of the statutes is created to read:
17 20.515 **(2)** (a) *Private employer health care coverage plan; start–up costs.* The
18 amounts in the schedule for the start–up costs for designing and contracting for the
19 provision of health care coverage and administrative services under the private
20 employer health care coverage plan under subch. X of ch. 40.
21 **SECTION 11.** 20.515 (2) (a) of the statutes, as created by 1999 Wisconsin Act ....
22 (this act), is repealed.
23 **SECTION 12.** 20.515 (2) (g) of the statutes is created to read:

1 20.515 **(2)** (g) *Private employer health care coverage plan.* All moneys received
2 under subch. X of ch. 40 from employers who elect to participate in the private
3 employer health care coverage plan under subch. X of ch. 40, for the costs of designing
4 and contracting for the provision of health care coverage and administrative services
5 under the plan.

6 **SECTION 13.** 20.515 (2) (g) of the statutes, as created by 1999 Wisconsin Act ....
7 (this act), is repealed.

8 **SECTION 14.** 40.02 (26) (intro.) of the statutes is amended to read:

9 40.02 **(26)** (intro.) "Employe" means any person who receives earnings as
10 payment for personal services rendered for the benefit of any employer including
11 officers of the employer, except as provided in subch. X. An employe is deemed to
12 have separated from the service of an employer at the end of the day on which the
13 employe last performed services for the employer, or, if later, the day on which the
14 employe–employer relationship is terminated because of the expiration or
15 termination of leave without pay, sick leave, vacation or other leave of absence. A
16 person shall not be considered an employe if a person:

17 **SECTION 15.** 40.02 (26) (intro.) of the statutes, as affected by 1999 Wisconsin
18 Act .... (this act), is amended to read:

19 40.02 **(26)** (intro.) "Employe" means any person who receives earnings as
20 payment for personal services rendered for the benefit of any employer including
21 officers of the employer~~, except as provided in subch. X~~. An employe is deemed to
22 have separated from the service of an employer at the end of the day on which the
23 employe last performed services for the employer, or, if later, the day on which the
24 employe–employer relationship is terminated because of the expiration or

1 termination of leave without pay, sick leave, vacation or other leave of absence. A
2 person shall not be considered an employe if a person:

3 **SECTION 16.** 40.02 (28) of the statutes is amended to read:

4 40.02 **(28)** "Employer" means the state, including each state agency, any
5 county, city, village, town, school district, other governmental unit or
6 instrumentality of 2 or more units of government now existing or hereafter created
7 within the state ~~and~~, any federated public library system established under s. 43.19
8 whose territory lies within a single county with a population of 500,000 or more and
9 a local exposition district created under subch. II of ch. 229, except as provided under
10 ss. 40.51 (7) and 40.61 (3)~~, or a local exposition district created under subch. II of ch.~~
11 ~~229~~ and subch. X. Each employer shall be a separate legal jurisdiction for OASDHI
12 purposes.

13 **SECTION 17.** 40.02 (28) of the statutes, as affected by 1999 Wisconsin Act ....
14 (this act), is amended to read:

15 40.02 **(28)** "Employer" means the state, including each state agency, any
16 county, city, village, town, school district, other governmental unit or
17 instrumentality of 2 or more units of government now existing or hereafter created
18 within the state, any federated public library system established under s. 43.19
19 whose territory lies within a single county with a population of 500,000 or more and
20 a local exposition district created under subch. II of ch. 229, except as provided under
21 ss. 40.51 (7) and 40.61 (3) ~~and subch. X~~. Each employer shall be a separate legal
22 jurisdiction for OASDHI purposes.

23 **SECTION 18.** Subchapter X of chapter 40 [precedes 40.98] of the statutes is
24 created to read:

25 **CHAPTER 40**

1 SUBCHAPTER X
2 PRIVATE EMPLOYER HEALTH
3 CARE COVERAGE

4 **40.98 Health care coverage. (1)** In this subchapter:

5 (ar) "Board" means the private employer health care coverage board.

6 (b) "Dependent" means a spouse, an unmarried child under the age of 19 years,
7 an unmarried child who is a full–time student under the age of 21 years and who is
8 financially dependent upon the parent, or an unmarried child of any age who is
9 medically certified as disabled and who is dependent upon the parent.

10 (c) "Employe" means any person who receives earnings as payment for personal
11 services rendered for the benefit of any employer including officers of the employer.
12 An employe is considered to have separated from the service of an employer at the
13 end of the day on which the employe last performed services for the employer, or, if
14 later, the day on which the employe–employer relationship is terminated because of
15 the expiration or termination of leave without pay, sick leave, vacation or other leave
16 of absence. A person shall not be considered an employe if any of the following
17 applies:

18 1. The person is employed under a contract involving the furnishing of more
19 than personal services.

20 2. The person is customarily engaged in an independently established trade,
21 business or profession providing the same type of services to more than one employer
22 and the person's services to an employer are not compensated for on a payroll of that
23 employer.

24 3. The person is a patient or inmate of a hospital, home or institution and
25 performs services in the hospital, home or institution.

1 (d) "Employer" means any person doing business or operating an organization
2 in this state and employing at least 2 employes. "Employer" does not include an
3 employer as defined in s. 40.02 (28).

4 (e) "Health care coverage plan" means the health care coverage plan
5 established under sub. (2) (a).

6 (f) "Insurer" has the meaning given in s. 600.03 (27).

7 **(2)** (a) The department shall design an actuarially sound health care coverage
8 plan for employers that provides coverage beginning not later than January 1, 2002.
9 The health care coverage plan shall be known as the "Private Employer Health Care
10 Purchasing Alliance". In designing the health care coverage plan, the department
11 shall consult with the departments of commerce and health and family services and
12 the office of the commissioner of insurance. The department shall solicit and accept
13 bids and enter into contracts with insurers who are to provide health care coverage
14 under the health care coverage plan. The health care coverage plan is subject to the
15 provisions of chs. 600 to 646 that apply to group health benefit plans, as defined in
16 s. 632.745 (9), to the same extent as any other group health benefit plan, as defined
17 in s. 632.745 (9). Before the health care coverage plan may be implemented, the
18 board must approve the plan.

19 (am) The health care coverage plan established under par. (a) may not be
20 combined with any health care coverage plan under subch. IV.

21 (b) The health care coverage plan shall require that all insurance rates for
22 health care coverage under the plan be published annually in a single publication
23 that is made available to employers and employes. The rates may be listed by county
24 or by any other regional factor that the board considers appropriate.

1 (c) The health care coverage plan shall have an enrollment period that is
2 established by the board.
3 (d) The department shall charge employers who participate in the health care
4 coverage plan a fee to cover the department's cost in designing and contracting for
5 the provision of health care coverage and administrative services under the health
6 care coverage plan. All moneys received under this paragraph shall be credited to
7 the appropriation account under s. 20.515 (2) (g).
8 (e) The department may not sell any health care coverage under the health care
9 coverage plan to an employer or enroll any employe in the health care coverage plan,
10 but the department may publicize the availability of the health care coverage plan
11 for employers.
12 (f) The department shall solicit and accept bids for the administration of the
13 health care coverage plan.
14 **(3)** Any employer who participates in the health care coverage plan shall do all
15 of the following:
16 (a) Offer health care coverage under the plan to all of its permanent employes
17 who have a normal work week of 30 or more hours and may offer health care coverage
18 under the plan to any of its other employes.
19 (b) Provide health care coverage under the plan to at least 50% of its permanent
20 employes who have a normal work week of 30 or more hours and who do not otherwise
21 receive health care coverage as a dependent under any other plan that is not offered
22 by the employer or a percentage of such employes specified by the board, whichever
23 percentage is greater.

1 (c) Pay for each employe at least 50% but not more than 100% of the lowest
2 premium rate that would be available to the employer for that employe's coverage
3 under the health care coverage plan.
4 (d) Make premium payments for the health care coverage of its employes in the
5 manner specified by the board.
6 **(4)** Any employer that provides health care coverage for its employes under the
7 plan and that voluntarily terminates coverage under the plan is not eligible to
8 participate in the plan for at least 3 years from the date that coverage is terminated.
9 **(5)** Any insurer that offers health care coverage under the health care coverage
10 plan shall provide coverage under the plan to any employer that applies for coverage,
11 and to all of the employer's employes who elect coverage under the health care
12 coverage plan, without regard to the health condition or claims experience of any
13 individual who would be covered under the health care coverage plan if all of the
14 following apply:
15 (a) The employer agrees to pay the premium required for coverage under the
16 health care coverage plan.
17 (b) The employer agrees to comply with all provisions of the health care
18 coverage plan that apply generally to a policyholder or an insured without regard to
19 health condition or claims experience.
20 **(6)** (a) Health care coverage under the health care coverage plan may only be
21 sold by insurance agents licensed under ch. 628.
22 (b) An insurance agent may not sell any health care coverage under the health
23 care coverage plan on behalf of an insurer unless he or she is employed by the insurer
24 or has a contract with the insurer to sell the health care coverage on behalf of the
25 insurer.

1 (c) The board shall set, and may adjust as often as semiannually, the
2 commission rate for the sale of a policy under the health care coverage plan. The rate
3 shall be based on the average commission rate that insurance agents are paid in the
4 state for the sale of comparable health insurance policies at the time that the rate
5 is set or adjusted.

6 (d) An insurer shall specify on the first page of any policy sold under the health
7 care coverage plan the amount of the commission paid to the insurance agent.

8 **(7)** Annually, on or before December 31, the board shall submit a report to the
9 appropriate standing committees under s. 13.172 (3) and to the governor on the
10 operation of the health care coverage plan. The report shall specify the number of
11 employers participating in the health care coverage plan, calculate the costs of the
12 health care coverage plan to employers and their employes and include
13 recommendations for improving the health care coverage plan.

14 **SECTION 19.** Subchapter X of chapter 40 [precedes 40.98] of the statutes, as
15 created by 1999 Wisconsin Act .... (this act), is repealed.

16 **SECTION 20. Nonstatutory provisions.**

17 (1) PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD. Notwithstanding the
18 length of terms specified for the members of the private employer health care
19 coverage board under section 15.165 (5) of the statutes, as created by this act, the
20 initial members shall be appointed for the following terms:

21 (a) The members specified under section 15.165 (5) (a) 1., 3. and 7. of the
22 statutes, as created by this act, for terms expiring on May 1, 2002.

23 (b) The members specified under section 15.165 (5) (a) 2. and 5. of the statutes,
24 as created by this act, for terms expiring on May 1, 2003.

1 (c) The members specified under section 15.165 (5) (a) 4. and 6. of the statutes,
2 as created by this act, for terms expiring on May 1, 2004.
3 (2) POSITION AUTHORIZATIONS FOR THE DEPARTMENT OF EMPLOYE TRUST FUNDS. The
4 authorized FTE positions for the department of employe trust funds are increased
5 by 3.5 GPR positions on the effective date of this subsection, to be funded from the
6 appropriation under section 20.515 (2) (a) of the statutes, as created by this act, for
7 the purpose of designing and contracting for the provision of health care coverage
8 and administrative services under the private employer health care coverage plan
9 under subchapter X of chapter 40 of the statutes, as created by this act.
10 **SECTION 21. Effective dates.** This act takes effect on the day after publication,
11 except as follows:
12 (1) The repeal of section 20.515 (2) (a) of the statutes takes effect on January
13 1, 2002.
14 (2) The amendment of section 40.02 (26) (intro.) (by SECTION 15) and (28) (by
15 SECTION 17) of the statutes takes effect on January 1, 2010.
16 (3) The repeal of sections 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5) and 20.515
17 (2) (title) and (g) and subchapter X of chapter 40 of the statutes takes effect on
18 January 1, 2010.
19 **(END)**

(D-Note)

State of Wisconsin

1999 – 2000 LEGISLATURE

LRBs0030/1 2

RAC&PJK:wlj:jf

Thurs Noon

rm is run

WPD: Inserts are out of order!

D-note

ASSEMBLY SUBSTITUTE AMENDMENT ,

TO 1999 ASSEMBLY BILL 63

, providing a grant to the administrator of the health care coverage program

Regenerate

AN ACT *to repeal* 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5), 20.515 (2) (title), 20.515 (2) (a), 20.515 (2) (g) and subchapter X of chapter 40 [precedes 40.98]; *to amend* 40.02 (26) (intro.), 40.02 (26) (intro.), 40.02 (28) and 40.02 (28); and *to create* 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5), 20.515 (2) (title), 20.515 (2) (a), 20.515 (2) (g) and subchapter X of chapter 40 [precedes 40.98] of the statutes; **relating to:** requiring the department of employe trust funds to establish a health care coverage ~~plan~~ program for employers in the private sector, creating a private employer health care coverage board, and making an appropriation.

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

SECTION 1. 13.94 (1) (p) of the statutes is created to read:

13.94 **(1)** (p) No later than January 1, 2008, prepare a program evaluation audit of the private employer health care coverage ~~plan~~ program established under subch. X of ch.

40. The legislative audit bureau shall file a copy of the audit report under this paragraph with the distributees specified in par. (b).

SECTION 2. 13.94 (1) (p) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 3. 15.07 (1) (b) 21. of the statutes is created to read:

15.07 **(1)** (b) 21. Private employer health care coverage board.

SECTION 4. 15.07 (1) (b) 21. of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 5. 15.165 (5) of the statutes is created to read:

15.165 **(5)** PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD. (a) There is created in the department of employe trust funds a private employer health care coverage board consisting of the secretary of employe trust funds or his or her designee, the secretary of health and family services or his or her designee and the following members appointed for 3–year terms:

1. One member who represents health maintenance organizations.

2. One member who represents hospitals.

3. One member who represents insurance agents, as defined in s. 628.02 (4).

4. Two members who are employes eligible to receive health care coverage under subch. X of ch. 40 and whose employer employs not more than 50 employes.

5. One member who represents insurers.

6. Two members who are, or who represent, employers that employ not more than 50 employes and who are eligible to offer health care coverage under subch. X of ch. 40.

7. One member who is a physician, as defined in s. 448.01 (5).

(b) The secretary of employe trust funds or his or her designee and the secretary of health and family services or his or her designee shall be nonvoting members.

SECTION 6. 15.165 (5) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 7. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

		1999–00	2000–01
20.515 Employe trust funds, department of			
(2) PRIVATE EMPLOYER HEALTH CARE COVERAGE ~~PLAN~~ PROGRAM			
(a) Private employer health care coverage ~~plan~~ program; start–up costs	GPR	~~A~~ B	~~A~~ 200,000	–0–

Insert 3-11

SECTION 8. 20.515 (2) (title) of the statutes is created to read:

20.515 **(2)** (title) PRIVATE EMPLOYER HEALTH CARE COVERAGE ~~PLAN~~ PROGRAM.

SECTION 9. 20.515 (2) (title) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 10. 20.515 (2) (a) of the statutes is created to read:

20.515 **(2)** (a) *Private employer health care coverage ~~plan~~ program; start–up costs.* Biennially, The amounts in the schedule for the start–up costs for designing and contracting for ~~the~~ provision of health care coverage and administrative services ~~under~~ for the private employer health care coverage ~~plan~~ program under subch. X of ch. 40.

SECTION 11. 20.515 (2) (a) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 12. 20.515 (2) (g) of the statutes is created to read:

Insert 3-22

(I)

20.515 **(2)** (g) *Private employer health care coverage* ~~*plan*~~ program. All moneys received under subch. X of ch. 40 from employers who elect to participate in the private employer health care coverage ~~plan~~ program under subch. X of ch. 40, for the costs of designing, marketing and contracting for ~~the provision of health care coverage and~~ administrative services ~~under the plan~~ for the program.

SECTION 13. 20.515 (2) (g) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 14. 40.02 (26) (intro.) of the statutes is amended to read:

40.02 **(26)** (intro.) "Employe" means any person who receives earnings as payment for personal services rendered for the benefit of any employer including officers of the employer, except as provided in subch. X. An employe is deemed to have separated from the service of an employer at the end of the day on which the employe last performed services for the employer, or, if later, the day on which the employe–employer relationship is terminated because of the expiration or termination of leave without pay, sick leave, vacation or other leave of absence. A person shall not be considered an employe if a person:

SECTION 15. 40.02 (26) (intro.) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

40.02 **(26)** (intro.) "Employe" means any person who receives earnings as payment for personal services rendered for the benefit of any employer including officers of the employer~~, except as provided in subch. X~~. An employe is deemed to have separated from the service of an employer at the end of the day on which the employe last performed services for the employer, or, if later, the day on which the employe–employer relationship is terminated because of the expiration or

termination of leave without pay, sick leave, vacation or other leave of absence. A person shall not be considered an employe if a person:

SECTION 16. 40.02 (28) of the statutes is amended to read:

40.02 **(28)** "Employer" means the state, including each state agency, any county, city, village, town, school district, other governmental unit or instrumentality of 2 or more units of government now existing or hereafter created within the state ~~and~~, any federated public library system established under s. 43.19 whose territory lies within a single county with a population of 500,000 or more and a local exposition district created under subch. II of ch. 229, except as provided under ss. 40.51 (7) and 40.61 (3)~~, or a local exposition district created under subch. II of ch. 229~~ and subch. X. Each employer shall be a separate legal jurisdiction for OASDHI purposes.

SECTION 17. 40.02 (28) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

40.02 **(28)** "Employer" means the state, including each state agency, any county, city, village, town, school district, other governmental unit or instrumentality of 2 or more units of government now existing or hereafter created within the state, any federated public library system established under s. 43.19 whose territory lies within a single county with a population of 500,000 or more and a local exposition district created under subch. II of ch. 229, except as provided under ss. 40.51 (7) and 40.61 (3) ~~and subch. X~~. Each employer shall be a separate legal jurisdiction for OASDHI purposes.

SECTION 18. Subchapter X of chapter 40 [precedes 40.98] of the statutes is created to read:

CHAPTER 40

1 SUBCHAPTER X
2 PRIVATE EMPLOYER HEALTH
3 CARE COVERAGE

4 **40.98 Health care coverage. (1)** In this subchapter:

5 (ar) "Board" means the private employer health care coverage board.

6 (b) "Dependent" means a spouse, an unmarried child under the age of 19 years,
7 an unmarried child who is a full–time student under the age of 21 years and who is
8 financially dependent upon the parent, or an unmarried child of any age who is
9 medically certified as disabled and who is dependent upon the parent.

10 (c) "Employe" means any person who receives earnings as payment for personal
11 services rendered for the benefit of any employer including officers of the employer.
12 An employe is considered to have separated from the service of an employer at the
13 end of the day on which the employe last performed services for the employer, or, if
14 later, the day on which the employe–employer relationship is terminated because of
15 the expiration or termination of leave without pay, sick leave, vacation or other leave
16 of absence. A person shall not be considered an employe if any of the following
17 applies:

18 1. The person is employed under a contract involving the furnishing of more
19 than personal services.

20 2. The person is customarily engaged in an independently established trade,
21 business or profession providing the same type of services to more than one employer
22 and the person's services to an employer are not compensated for on a payroll of that
23 employer.

24 3. The person is a patient or inmate of a hospital, home or institution and
25 performs services in the hospital, home or institution.

(d) "Employer" means any person doing business or operating an organization in this state and employing at least 2 employes. "Employer" does not include an employer as defined in s. 40.02 (28).

(e) "Health care coverage ~~plan~~ program" means the health care coverage ~~plan~~ program established under sub. (2) (a).

(f) "Insurer" has the meaning given in s. 600.03 (27).

(2) (a) ~~The department shall design an actuarially sound health care coverage plan for employers that provides coverage beginning not later than January 1, 2002. The health care coverage plan shall be known as the "Private Employer Health Care Purchasing Alliance". In designing the health care coverage plan, the department shall consult with the departments of commerce and health and family services and the office of the commissioner of insurance. The department shall solicit and accept bids and enter into contracts with insurers who are to provide health care coverage under the health care coverage plan. The health care coverage plan is subject to the provisions of chs. 600 to 646 that apply to group health benefit plans, as defined in s. 632.745 (9), to the same extent as any other group health benefit plan, as defined in s. 632.745 (9). Before the health care coverage plan may be implemented, the board must approve the plan.~~

Insert 7-18

(am) The health care coverage ~~plan~~ program established under par. (a) may not be combined with any health care coverage plan under subch. IV.

(b) ~~The health care coverage plan shall require that~~ all insurance rates for health care coverage under the ~~plan~~ program shall be published annually in a single publication that is made available to employers and employes. The rates may be listed by county or by any other regional factor that the board considers appropriate.

, or any health care coverage plan included in the program,

The administrator shall reimburse the department for the expenses incurred by the department in designing, marketing and contracting for administrative services for the program.

(e) All plans under The health care coverage ~~plan~~ program shall have an enrollment period that is established by the board.

(f) The ~~department~~ administrator shall charge employers who participate in the health care coverage ~~plan~~ program a fee to cover the ~~department's cost in designing and contracting for the provision of health care coverage and~~ the cost of administrative services ~~under~~ for the health care coverage ~~plan~~ program. All moneys received by the department under this paragraph shall be credited to the appropriation account under s. 20.515 (2) (g).

(g) The department may not sell any health care coverage under the health care coverage ~~plan~~ program to an employer or enroll any employe in the health care coverage ~~plan~~ program, but the department ~~may publicize the availability of the health care coverage plan to employers.~~ shall make information about the program available to employers on a statewide basis.

~~(f) The department shall solicit and accept bids for the administration of the health care coverage plan.~~

(3) Any employer who participates in the health care coverage ~~plan~~ program shall do all of the following:

(a) Offer health care coverage under ~~the plan~~ one or more plans to all of its permanent employes who have a normal work week of 30 or more hours and may offer health care coverage under ~~the plan~~ one or more plans to any of its other employes.

(b) Provide health care coverage under ~~the plan~~ one or more plans to at least 50% of its permanent employes who have a normal work week of 30 or more hours and who do not otherwise receive health care coverage as a dependent under any other plan that is not offered by the employer or a percentage of such employes specified by the board, whichever percentage is greater.

(c) Pay for each employe at least 50% but not more than 100% of the lowest premium rate that would be available to the employer for that employe's coverage under the health care coverage ~~plan~~ program.

(d) Make premium payments for the health care coverage of its employes in the manner specified by the board.

(4) Any employer that provides health care coverage for its employes under the ~~plan~~ program and that voluntarily terminates coverage under the ~~plan~~ program is not eligible to participate in the ~~plan~~ program for at least 3 years from the date that coverage is terminated.

(5) Any insurer that offers a health care coverage plan under the health care coverage ~~plan~~ program shall provide coverage under the plan to any employer that applies for coverage, and to all of the employer's employes who elect coverage under the health care coverage plan, without regard to the health condition or claims experience of any individual who would be covered under the health care coverage plan if all of the following apply:

(a) The employer agrees to pay the premium required for coverage under the health care coverage plan.

(b) The employer agrees to comply with all provisions of the health care coverage plan that apply generally to a policyholder or an insured without regard to health condition or claims experience.

(6) (a) Health care coverage under the health care coverage ~~plan~~ program may only be sold by insurance agents licensed under ch. 628.

(b) An insurance agent may not sell any health care coverage under the health care coverage ~~plan~~ program on behalf of an insurer unless he or she is employed by the insurer or has a contract with the insurer to sell the health care coverage on behalf of the insurer.

(c) The board shall set, and may adjust as often as semiannually, the commission rate for the sale of a policy under the health care coverage ~~plan~~ program. The rate shall be based on the average commission rate that insurance agents are paid in the state for the sale of comparable health insurance policies at the time that the rate is set or adjusted.

(d) An insurer shall specify on the first page of any policy sold under the health care coverage ~~plan~~ program the amount of the commission paid to the insurance agent.

(7) (a) Annually, on or before December 31, the board shall submit a report to the appropriate standing committees under s. 13.172 (3) and to the governor on the operation of the health care coverage ~~plan~~ program. The report shall specify the number of employers and employes participating in the health care coverage ~~plan~~ program, calculate the costs of the health care coverage ~~plan~~ program to employers and their employes and include recommendations for improving the health care coverage ~~plan~~ program.

SECTION 19. Subchapter X of chapter 40 [precedes 40.98] of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

Insert 10-14

A.R. "X" to insert 3-22

SECTION 20. Nonstatutory provisions.

(1) PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD. Notwithstanding the length of terms specified for the members of the private employer health care coverage board under section 15.165 (5) of the statutes, as created by this act, the initial members shall be appointed for the following terms:

(a) The members specified under section 15.165 (5) (a) 1., 3. and 7. of the statutes, as created by this act, for terms expiring on May 1, 2002.

(b) The members specified under section 15.165 (5) (a) 2. and 5. of the statutes, as created by this act, for terms expiring on May 1, 2003.

(c) The members specified under section 15.165 (5) (a) 4. and 6. of the statutes, as created by this act, for terms expiring on May 1, 2004.

(2) POSITION AUTHORIZATIONS FOR THE DEPARTMENT OF EMPLOYE TRUST FUNDS. The authorized FTE positions for the department of employe trust funds are increased by 3.5 GPR positions on the effective date of this subsection, to be funded from the appropriation under section 20.515 (2) (a) of the statutes, as created by this act, for the purpose of designing and contracting for ~~the provision of health care coverage and~~ administrative services ~~under~~ for the private employer health care coverage ~~plan~~ under subchapter X of chapter 40 of the statutes, as created by this act.

Insert 11-9

SECTION 21. Effective dates. This act takes effect on the day after publication, except as follows:

~~(1) The repeal of section 20.515 (2) (a) of the statutes takes effect on January 1, 2002.~~

(2) The amendment of section 40.02 (26) (intro.) (by SECTION 15) and (28) (by SECTION 17) of the statutes takes effect on January 1, 2010.

(3) The repeal of sections 13.94 (1) (p), 15.07 (1) (b) 21., 15.165 (5) and 20.515 (2) (title), (a) and (g) and subchapter X of chapter 40 of the statutes takes effect on January 1, 2010.

(END)

(3) The repeal of section 20.515(2)(b) of the statutes takes effect on June 30, 2002.

D-note

1999

Insert 3-11

LRB _____ / _____

File With Statute 20.005 (3) Schedule

_____ : _____ : _____

$$$ SCHEDULE

In the component bar:

For the action phrase, execute: ..... **create → action: → ch20**

For the table layout, execute: ..... **create → <Table> → $sched**

SECTION #. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

		1999–00	2000–01
20.____			
.....			
( )			
.....			
(b) Grant for program administrator's costs	GPR B	200,000	~~0~~
20.____			
.....			
( )			
.....			
( )			
.....			
.....	____ ____	..., ..., ...	..., ..., ...

(end of ins 3-11)

[rev: 6/2/98 1999$sched(fm)]

(b) An insurance agent may not sell any health care coverage under the health care coverage plan on behalf of an insurer unless he or she is employed by the insurer or has a contract with the insurer to sell the health care coverage on behalf of the insurer.

(c) The board shall set, and may adjust as often as semiannually, the commission rate for the sale of a policy under the health care coverage plan. The rate shall be based on the average commission rate that insurance agents are paid in the state for the sale of comparable health insurance policies at the time that the rate is set or adjusted.

(d) An insurer shall specify on the first page of any policy sold under the health care coverage plan the amount of the commission paid to the insurance agent.

(7) (a) Annually, on or before December 31, the board shall submit a report to the appropriate standing committees under s. 13.172 (3) and to the governor on the operation of the health care coverage plan. The report shall specify the number of employers participating in the health care coverage plan, calculate the costs of the health care coverage plan to employers and their employes and include recommendations for improving the health care coverage plan.

(b) No later than January 1, ~~2005~~ 2008, the board shall submit a report to the appropriate standing committees under s. 13.172 (3) and to the governor that offers recommendations as to whether the department should continue to ~~administer the health care coverage plan, whether a different state agency should administer~~ the health care coverage ~~plan~~ program ~~or whether the health care coverage plan should be administered by a private nonprofit organization~~. If the board recommends that ~~a different~~ state agency ~~administer the health care coverage plan or that the health care coverage plan be administered by a private nonprofit organization~~, the board

the department not be involved in the performance of these functions

be involved in the design, marketing and contracting for administrative services for

eliminating the department's involvement in the performance of these functions

1 shall submit proposed legislation to the appropriate standing committees under s.
2 13.172 (3) at the time that the board submits its report.

3 **SECTION 19.** Subchapter X of chapter 40 [precedes 40.98] of the statutes, as
4 created by 1999 Wisconsin Act .... (this act), is repealed.

5 **SECTION 20. Nonstatutory provisions.**

6 (1) PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD. Notwithstanding the
7 length of terms specified for the members of the private employer health care
8 coverage board under section 15.165 (5) of the statutes, as created by this act, the
9 initial members shall be appointed for the following terms:

10 (a) The members specified under section 15.165 (5) (a) 1., 3. and 7. of the
11 statutes, as created by this act, for terms expiring on May 1, 2002.

12 (b) The members specified under section 15.165 (5) (a) 2., 5. and 8. of the
13 statutes, as created by this act, for terms expiring on May 1, 2003.

14 (c) The members specified under section 15.165 (5) (a) 4. and 6. of the statutes,
15 as created by this act, for terms expiring on May 1, 2004.

16 (2) POSITION AUTHORIZATIONS FOR THE DEPARTMENT OF EMPLOYE TRUST FUNDS. The
17 authorized FTE positions for the department of employe trust funds are increased
18 by 3.5 GPR positions on the effective date of this subsection, to be funded from the
19 appropriation under section 20.515 (2) (a) of the statutes, as created by this act, for
20 the purpose of designing, establishing and administering the private employer
21 health care coverage plan under subchapter X of chapter 40 of the statutes, as
22 created by this act.

23 **SECTION 21. Effective dates.** This act takes effect on the day after publication,
24 except as follows:

(end of 10-14 insert)

INSERT 3–22

auto "X" to insert ref 3-22

SECTION 1. 20.515 (2) (b) of the statutes is created to read:

20.515 **(2)** (b) *Grant for program administrator's costs.* Biennially, the amounts in the schedule for the grant under 1999 Wisconsin Act .... (this act), section 1. x (3) A.R. 3-22

SECTION 2. 20.515 (2) (b) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

(END OF INSERT 3–22)

INSERT 7–18

(2) (a) 1. The department shall design an actuarially sound health care coverage program for employers that includes more than one group health care coverage plan and that provides coverage beginning not later than January 1, 2002. The health care coverage program shall be known as the "Private Employer Health Care Purchasing Alliance". In designing the health care coverage program, the department shall consult with the office of the commissioner of insurance. The health care coverage program may not be implemented until it is approved by the board.

2. The department shall solicit and accept bids and enter into a contract for the administration of the health care coverage plans under the program, based on criteria established by the board.

3. The administrator selected under subd. 2. shall enter into contracts with insurers who are to provide health care coverage under the health care coverage program.

(b) Every health care coverage plan under the health care coverage program is subject to the provisions of chs. 600 to 646 that apply to group health benefit plans,

as defined in s. 632.745 (9), to the same extent as any other group health benefit plan, as defined in s. 632.745 (9).

(END OF INSERT 7–18)

(Insert 10-14 is last)

INSERT 11–9

(Read SECTION 4(3))

auto ny 3-22

(3) GRANT FOR ADMINISTRATION OF PROGRAM.

(a) In this subsection:

1 . "Administrator" means the administrator selected by the department under section 40.98 (2) (a) 2. of the statutes, as created by this act.

2 . "Department" means the department of employe trust funds.

3 . "Secretary" means the secretary of employe trust funds.

(b) The department shall make a grant of $200,000 from the appropriation under section 20.515 (2) (b) of the statutes, as created by this act, to the administrator for costs associated with administering the health care coverage plans under the program under subchapter X of chapter 40 of the statutes, as created by this act, if all of the following apply:

1 . The administrator submits a plan to the department detailing the proposed use of the grant and the secretary approves the plan.

2 . The administrator enters into a written agreement with the department that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements.

3 . The administrator agrees in writing to submit to the department the report required under paragraph (c) by the time required under paragraph (c).

(c) If the administrator receives a grant under this subsection, the administrator shall submit to the department, within 6 months ~~a~~after spending the full amount of the grant, a report detailing how the grant proceeds were used.

(END OF INSERT 11–9)

D-note

Representative Musser:

Please let us know if you would like this substitute amendment changed in any way or if it is okay as is. I will need to draft your amendment related to insurance mandates before the hearing on Tuesday.

PJK

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0030/2dn
PJK:wlj:jf

April 28, 1999

Representative Musser:

Please let us know if you would like this substitute amendment changed in any way or if it is okay as is. I will need to draft your amendment related to insurance mandates before the hearing on Tuesday.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266–2682
E–mail: Pam.Kahler@legis.state.wi.us

State of Wisconsin
LEGISLATIVE REFERENCE BUREAU
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STEPHEN R MILLER
CHIEF

LEGAL SECTION. (608) 266-3561
LEGAL FAX (608) 264-8522
REFERENCE SECTION (608) 266-0341
REFERENCE FAX (608) 266-5648

May 6, 1999

MEMORANDUM

To: Committee on Small Business and Economic Development
Representative Lorraine Seratti, Chair

From: Pamela J. Kahler, Legislative Attorney, (608) 266–2682
Richard A. Champagne, Legislative Attorney, (608) 266–9930

Subject: Eligibility of farmers under ASA(LRBs0030/2) to AB 63

You requested a memorandum concerning the eligiblity of farmers under the Private Employer Health Care Coverage bill. (The definitions in the bill and the substitute amendment are the same.)

Under the bill, any employer with at least two employees is eligible to participate in the health care coverage program. An employer is defined as any person doing business or operating an organization in this state. There is no question that a person doing a farm business in this state is an employer. The issue that is not so definitive is under what circumstances a farmer has at least two employees.

An employee is defined in the bill as any person who receives earnings as payment for personal services rendered for the benefit of an employer. If a farmer has formally incorporated the farm business and the corporation pays at least two individuals, which could be the farmer and the farmer's spouse, the farm corporation is eligible to participate in the program. If the farm is not formally incorporated, the farmer operates as a sole proprietor. In that case, it is not clear whether the farmer would be eligible to particiapte in the program if the farmer and his or her spouse are the only individuals who work on the farm. Is the farmer the employer and the spouse the employee? Is the farmer both employer and employee so that there are two employees, i.e., the farmer and his or her spouse? These are questions that are not answered by explicit language in the bill and reasonable people may disagree on the conclusion. The bill also does not specify what entity determines the issue of eligiblity. The Department of Employe Trust Funds or the board may determine the issue when the program is created, the adminstrator of the program may determine the issue or the question may be left up to the insurers providing the coverage.

If you want to make certain that a farmer, or any unincorporated self–employed person including a farmer, is eligible for coverage under the program as long as there is at least one other person working in the business enterprise, language to that effect should be added. Another alternative is to specify what entity will determine eligibility issues, which could be done by rule.

Let us know if you have any other questions, or if you would like language drafted addressing this issue.