

**1999 DRAFTING REQUEST****Assembly Amendment (AA-ASA(LRBs0030/2)-AB63)**Received: **05/7/99**Received By: **champra**Wanted: **Soon**

Identical to LRB:

For: **Lorraine Seratti (608) 266-3780**By/Representing: **Mary Matthias**This file may be shown to any legislator: **NO**Drafter: **champra**

May Contact:

Alt. Drafters:

Subject: **Employ Pub - miscellaneous**Extra Copies: **PJK**  
**Mary Matthias, Leg. Council**

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Administration of private employer health care coverage program

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**Instructions:**

See Attached.

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	champra 05/8/99	ygeller 05/10/99	martykr 05/10/99	_____	lrb_docadmin 05/10/99	lrb_docadmin 05/10/99	
/2	champra 05/13/99	chanaman 05/13/99	jfrantze 05/13/99	_____	gretskl 05/13/99	lrb_docadmin 05/13/99	

FE Sent For:

&lt;END&gt;

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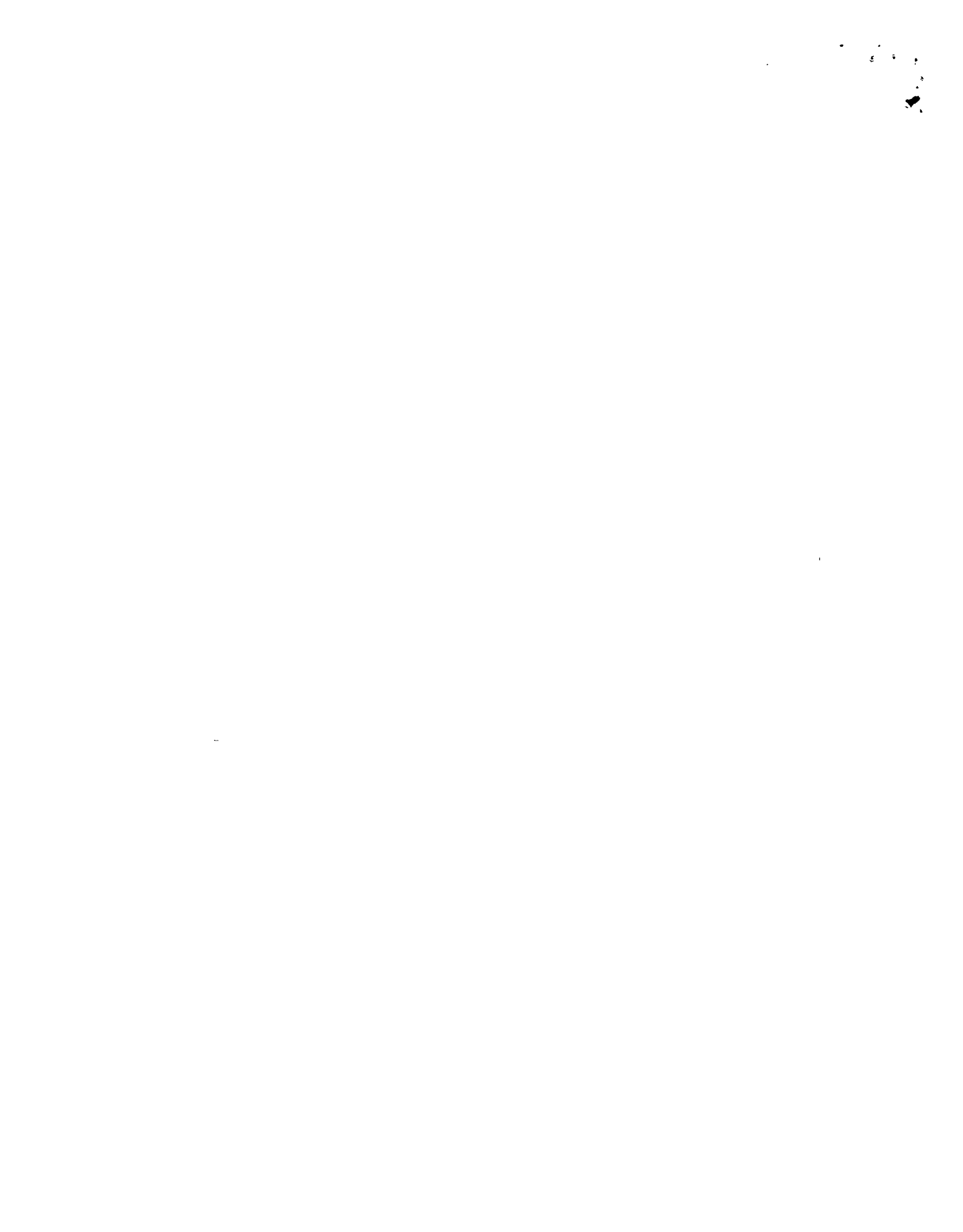
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FE Sent For:

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*5/13*  
**<END>**



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/1	champra	1 5/10 JG	JMS/10	JMS/10			

FE Sent For:

<END>

100

100

*if Bd determine DETF shd, then DETF shall...*

*was not contracted with a private entity under*

If by June 30, 2002 the Board determines that no acceptable bid has been received under (2)(a) then the Board may direct DETF to establish and administer the program.

*w/ JT Fin approval - request for 13.10 meaning*

To:

- Subject to all requirements
- Get \$200,000

*after reporting to JFinance,*

*Bd cd reject all bids approve.*

*info on which how many bids why rejected*

*report*

*before auto. stuff over, shd be a report on why no K*

*p7 - make DETF make all neas. efforts to secure 3d party Admin.*

Post-It® Fax Note	7671	Date	# of pages
To	<i>Pam Kahler</i>	From	<i>Mary Mathias</i>
Co./Dept.		Co.	
Phone #		Phone #	
Fax #	<i>48522</i>	Fax #	

ACTION TAKEN BY THE SMALL BUSINESS AND ECONOMIC DEVELOPMENT  
COMMITTEE ON ASSEMBLY BILL 63

On May 4, 1999, the committee voted unanimously to pass AB 63 as amended. Under the amended bill, the Department of Employee Trust Funds (DETF) shall design two or more small employer health insurance plans. The plans may not include coverage of abortion, except by a rider requested and paid for by an employee. One or more of the plans may be exempted from one or more state insurance mandates in order to make them affordable to businesses which otherwise might not be able to offer employees any insurance whatsoever.

The plans have to be approved by the Private Employer Health Care Coverage Board. The eleven-member board will be appointed by the Governor and will include a diversity of members representing different groups affected by the program. Once the plans are approved, the DETF shall solicit bids from the private sector to administer the private employer health care coverage program. Under the program, private employers will become part of a private employer health care purchasing alliance in order to stabilize their insurance rates, and hopefully make them more affordable by spreading risk. The actual insurance policies will be purchased from private insurance companies. It should be noted, no government money will be used to purchase insurance policies.

In the event that DETF is not able to contract with a private entity before June 30, 2002, the department shall start administering the program itself and continue seeking a private administrator, as it would have under AB 63. The sunset date for the program will be January 1, 2010, regardless of whether or not this contingency occurs. It should be noted that a number of private sector businesses have already contacted the Office of the Commissioner of Insurance expressing interest in administering the program as described in the Governor's budget.

There were objections to the original bill, which characterized it as government run health insurance. These certainly could not be applied to the bill as it now stands.

The changes the committee made to AB 63 are as follows:

The committee introduced Assembly Substitute Amendment 1 to AB 63. This amendment made two major changes in the bill. First, instead of the Department of Employee Trust Funds (DETF) administering the private employer health care purchasing alliance for a period of time before contracting the administration out to a private entity, substitute amendment 1 requires DETF to seek a private administrator immediately upon plan approval from the private employer health care coverage board. Second, while the original bill had a fiscal estimate of just over \$200,000, there was no appropriation. Substitute Amendment 1 appropriates \$200,000 of

GPR to DETF for a grant to be provided to the private entity which is selected to administer the program and, \$200,000 to pay for start up and development costs for DETF. Essentially, this combines the language from the Governor's budget proposal with the original bill to make a stronger program.

The committee made several amendments to Substitute Amendment 1 before adopting it. Amendment 1 to Substitute Amendment 1, forbids coverage of non-therapeutic abortions under any of the plans offered under this program, except by a rider requested and paid for by the employee.

Amendment 2 to Substitute Amendment 1 allows exemption of one or more of the health care coverage plans to be exempt from one or all of the state insurance mandates. The amendment does not require any of the plans to exclude any particular coverage. The intent is to allow DETF to design one or more plans that include only basic health care coverage, and would have a reduced cost for employers who might otherwise not be able to afford coverage.

Amendment 3 to Substitute Amendment 1 requires that should the DETF fail to contract with a private entity to administer the program before June 30, 2002, then DETF shall start administering the plan. Essentially, this amendment provides a safety net, so that if no private entity makes an acceptable bid, the program will be started up by DETF and then contracted out, as it would have under the original bill. Amendment 3 did not change the sunset provisions in Assembly Substitute Amendment 1.

Amendment 4 to Substitute Amendment 1 simply reinstated two members of the Private Employer Health Care Coverage board representing the public interest. Under Substitute Amendment 1 these members were removed, as there are already four members representing employees and employers who might be eligible for the plan. The committee reinstated these members.



**Kahler, Pam**

---

**From:** Matthias, Mary  
**Sent:** Thursday, May 06, 1999 11:50 AM  
**To:** Kahler, Pam  
**Subject:** FW: Preliminary draft of committee report.

pam-- from tim

Mary Matthias  
Senior Staff Attorney  
Wisconsin Legislative Council Staff  
ph.: (608)266-0932; fax: (608)266-3830  
mary.matthias@legis.state.wi.us

-----Original Message-----

**From:** Fiocchi, Timothy  
**Sent:** Thursday, May 06, 1999 11:39 AM  
**To:** Matthias, Mary  
**Subject:** RE: Preliminary draft of committee report.

I guess we'd like it ASAP. SB 1 is in Joint Finance. We don't think they're going to do anything with it, but we'd like to have solid language so we can give solid answers to all the people who have been calling, and more importantly so we can set a meeting with Jensen. What is the date for the reversion to DETF to administer the plan - June ?? 2002.

-----Original Message-----

**From:** Matthias, Mary  
**Sent:** Thursday, May 06, 1999 11:28 AM  
**To:** Fiocchi, Timothy  
**Subject:** RE: Preliminary draft of committee report.

Irb needs to have an idea of when they have to have the amendments ready. Could you talk to Musser and/or Lorraine about it?

thanks.

Mary Matthias  
Senior Staff Attorney  
Wisconsin Legislative Council Staff  
ph.: (608)266-0932; fax: (608)266-3830  
mary.matthias@legis.state.wi.us

-----Original Message-----

**From:** Fiocchi, Timothy  
**Sent:** Thursday, May 06, 1999 10:10 AM  
**To:** Matthias, Mary  
**Subject:** Preliminary draft of committee report.

I don't know if this would be helpful at all, and it is preliminary but here it is anyway.

<< File: Report05-04-99..doc >>



*Tuel*

*kg*

**ASSEMBLY AMENDMENT ,  
TO ASSEMBLY SUBSTITUTE AMENDMENT (LRBs0030/2),  
TO 1999 ASSEMBLY BILL 63**

- 1 At the locations indicated, amend the substitute amendment<sup>✓</sup> as follows:
- 2 **1.** Page 3, line 22: delete the material beginning with “for designing” and  
3 ending with “services for” on line 23 and substitute “relating to”.<sup>✓</sup>
- 4 **2.** Page 4, line 12: after “contracting for” insert “or providing”.<sup>✓</sup>
- 5 **3.** Page 7, line 15: delete “January 1,” and substitute “June 30,”.<sup>✓</sup>
- 6 **4.** Page 7, line 21: after “bids and” insert “make every reasonable effort to”.<sup>✓</sup>
- 7 **5.** Page 7, line 23: after “board.” insert “If the department<sup>✓</sup> has not entered into  
8 a contract for the administration of the health care coverage plans under the  
9 program for coverage to begin before June 30, 2002, the department shall submit a  
10 report to the cochairpersons of the joint committee on finance specifying the  
11 department’s reasons for not entering into a contract. After submitting the report  
12 to the cochairpersons of the joint committee on finance, the department shall provide

1 all administrative services necessary for the provision of the health care coverage  
2 plans under the program. During the period that the department is providing the  
3 administrative services, the department shall continue to make every reasonable  
4 effort to contract for the administration of the health care coverage plans under the  
5 program.”✓

6 **6.** Page 8, line 1: after “subd. 2.” insert “, or the department if no administrator  
7 has been selected under subd. 2.”✓

8 **7.** Page 8, line 17: delete “(f) The” and substitute “(f)1. If the department has  
9 selected an administrator under par. (a) 2., the” administrator

10 **8.** Page 8, line 22: delete “paragraph” and substitute “subdivision”✓

11 **9.** Page 8, line 23: after that line insert:

12 *text:* “2. If the department has not selected an administrator under par. (a) 2.,  
*treat* the department shall charge employers who participate in the health care coverage  
13 program a fee to cover the costs incurred by the department in designing, marketing  
14 and providing administrative services for the health care coverage program. All  
15 moneys received by the department under this subdivision✓ shall be credited to the  
16 appropriation account under s. 20.515 (2) (g).”

*WFO-Fix component*

17 **10.** Page 13, line 9: delete “(title), (a) and (g)”  
18 *after “(a)” insert “,(b)”*

19 **11.** Page 13, line 11: delete lines 11 and 12.

20 (END)

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**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBa0369/1dn

RAC:.....

^  
JL

Because the amendment permits the department of employe trust funds (DETF) to "make every reasonable effort" to contract for administrative services until June 30, 2002, I changed the latest possible start-up date for the program from January 1, 2002, to June 30, 2002. Is this OK?

Because DETF is the state agency charged with entering into contracts for the provision of administrative services under the program, and not the private employer health care coverage board, I provided that DETF must submit a report to the joint committee on finance specifying DETF's reasons for not entering into a contract for the provision of administrative services under the program. Also, it is unclear from the instructions if DETF, after it submits the report, must begin to provide the administrative services for the program or if DETF must wait for joint committee on finance approval before it may begin providing the administrative services for the program. In the amendment, I provided that DETF, after it submits the report, must begin to provide the administrative services for the program. Is this your intent?

Because it is possible that the grant may not be awarded during the 1999-2001 biennium, I deleted the repeal of the appropriation from which the grant will be funded. If the grant is not awarded during the 1999-2001 biennium, the moneys will lapse to the general fund at the close of the 2001 fiscal year. As a result, the grant moneys will need to be appropriated again for award during the 2001-03 biennium.

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

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

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBa0369/1dn  
RAC:jlg:km

May 10, 1999

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*Today*

*Reddy's Melior has  
been run*

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4 **2.** Page 4, line 12: after "contracting for" insert "or providing".

5 **3.** Page 7, line 15: delete "January 1," and substitute "June 30,".

6 **4.** Page 7, line 21: after "bids and" insert "make every reasonable effort to".

7 **5.** Page 7, line 23: after "board." insert "If the department has not entered into  
8 a contract for the administration of the health care coverage plans under the  
9 program for coverage to begin before June 30, 2002, the department shall submit a  
10 report to the cochairpersons of the joint committee on finance specifying the  
11 department's reasons for not entering into a contract. After submitting the report  
12 to the cochairpersons of the joint committee on finance, the department shall provide

*and after receiving the approval of the board*

1 all administrative services necessary for the provision of the health care coverage  
2 plans under the program. During the period that the department is providing the  
3 administrative services, the department shall continue to make every reasonable  
4 effort to contract for the administration of the health care coverage plans under the  
5 program.”.

6 **6.** Page 8, line 1: after “subd. 2.” insert “, or the department if no administrator  
7 has been selected under subd. 2.,”.

8 **7.** Page 8, line 17: delete “The administrator” and substitute “1. If the  
9 department has selected an administrator under par. (a) 2., the administrator”.

10 **8.** Page 8, line 22: delete “paragraph” and substitute “subdivision”.

11 **9.** Page 8, line 23: after that line insert:

12 “2. If the department has not selected an administrator under par. (a) 2., the  
13 department shall charge employers who participate in the health care coverage  
14 program a fee to cover the costs incurred by the department in designing, marketing  
15 and providing administrative services for the health care coverage program. All  
16 moneys received by the department under this subdivision shall be credited to the  
17 appropriation account under s. 20.515 (2) (g).”.

18 **10.** Page 13, line 9: after “(a)” insert “, (b)”.

19 **11.** Page 13, line 11: delete lines 11 and 12.

20

(END)