

**1999 DRAFTING REQUEST**

**Bill**

Received: **01/04/2000**

Received By: **kahlepj**

Wanted: **Soon**

Identical to LRB:

For: **Health and Family Services 6-3262**

By/Representing: **Kevin Lewis**

This file may be shown to any legislator: NO

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

Subject: **Insurance - health**

Extra Copies:

**Pre Topic:**

No specific pre topic given

**Topic:**

HIRSP premium rates for persons who are eligible for medicare

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Reauired</u>
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/2	kahlepj 01/13/2000 kahlepj 02/02/2000	chanaman 01/27/2000 chanaman 02/02/2000	jfrantze 0 1/27/2000	_____	lrb-docadmin 0 1/27/2000	lrb_docadminState 0 1/27/2000	
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02-15-00  
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<END>

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FE Sent For:		1/2	1/27	1/27			

<END>

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<END>

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May Contact:

Alt. Drafters:

Subject: **Insurance - health**

Extra Copies:

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**Topic:**

HIRSP premium rates for persons who are eligible for **medicare**

**Instructions:**

See Attached

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/?	kahlepj	cmh /1	hh 1/5	hh 1/5			
FE Sent For:		1/5					<END>



# 1999 BILL

SOON  
(1-5)

person  
cost

1 **AN ACT** to *amend* 149.143 (1) (b) 1. a., 149.143 (1) (b) 1. c., 149.143 (2) (a) 2.,  
 2 149.143 (2m) (b) l., 149.146 (2) (b) (intro.), 149.146 (2) (b) 1. and 149.165 (1); and  
 3 *to create* 149.14 (5m) of the statutes; **relating to:** premium rates for coverage  
 4 under the health insurance risk-sharing plan for persons who are eligible for  
 5 medicare.

### ***Analysis by the Legislative Reference Bureau***

The health insurance risk-sharing plan (HIRSP) provides health insurance coverage for persons who are covered under medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV) and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP offers its enrollees who are not eligible for medicare an annual choice of coverage option. For persons who are eligible for medicare, HIRSP provides an alternative policy that reduces the benefits payable by the amounts paid under medicare.

Under current law, 60% of HIRSP costs must be paid by premiums and premium and deductible subsidies. Premiums for the general major medical coverage may not be less than 150%, nor more than 200%, of the rate that a standard risk would be charged under an individual policy providing the same coverage and

**BILL**

deductibles as are provided under HIRSP Premiums for the choice of coverage option must differ from the general major medical coverage premiums by the same percentage as the percentage difference between what a standard risk would be charged for the two coverages. Current law, however, does not distinguish between the premium rates for the coverage provided to persons who are eligible for medicare and the coverage provided to persons who are not eligible for medicare.

This bill provides that the rates for the alternative, reduced-benefit coverage provided to persons who are eligible for medicare must be determined in relation to the rates charged to persons who are not eligible for medicare and as a function of the difference between the amount of covered expenses that HIRSP pays on behalf of each group. To calculate the rates charged to persons who are eligible for medicare, the rates that are charged to persons who are not eligible for medicare are multiplied by a fraction. The fraction's numerator is the amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons eligible for medicare, and the fraction's denominator is the amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons not eligible for medicare. Under the bill, only the premiums for the general major medical coverage for persons not eligible for medicare must be set between 150% and 200% of what a standard risk would pay for the same coverage and deductibles. The bill provides that if, in order to cover HIRSP expenses, premiums for persons who are not eligible for medicare are increased above 150% of what a standard risk would pay, premiums for the coverage provided to persons who are eligible for medicare must be increased by a comparable amount.

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. 149.14 (5m)** of the statutes is created to read:

2       149.14 (5m) **PREMIUM RATES.** For the coverage required under this section, the  
3 premium rates charged to persons with coverage under sub. (2) (b) shall be  
4 determined by multiplying the premium rates charged to persons with coverage  
5 under sub. (2) (a) by a fraction, the numerator of which is the amount of covered  
6 expenses paid by the plan in the previous calendar year on behalf of persons with  
7 coverage under sub. (2) (b) and the denominator of which is the amount of covered  
8 expenses paid by the plan in the previous calendar year on behalf of persons with  
9 coverage under sub. (2) (a).



**BILL**

1           SECTION 2. 149.143 (1) (b) 1. a. of the statutes, as affected by 1999 Wisconsin  
2 Act 9, is amended to read:

3           149.143 (1) (b) 1. a. First, from premiums from eligible persons with coverage  
4 under s. 149.14 ~~(2) (a)~~ set at 150% of the rate that a standard risk would be charged  
5 under an individual policy providing substantially the same coverage and  
6 deductibles as are provided under the plan and from eligible persons with coverage  
7 under s. 149.14 (2) (b) set in accordance with s. 149.14 (5m), including amounts  
8 received for premium and deductible subsidies under s. 149.144 and under the  
9 transfer to the fund from the appropriation account under s. 20.435 (4) (ah), and from  
10 premiums collected from eligible persons with coverage under s. 149.146 set in  
11 accordance with s. 149.146 (2) (b).

12           SECTION 3. 149.143 (1) (b) 1. c. of the statutes, as affected by 1999 Wisconsin  
13 Act 9, is amended to read:

14           149.143 (1) (b) 1. c. Third, by increasing premiums from eligible persons with  
15 coverage under s. 149.14 ~~(2) (a)~~ to more than 150% but not more than 200% of the rate  
16 that a standard risk would be charged under an individual policy providing  
17 substantially the same coverage and deductibles as are provided under the plan and  
18 from eligible persons with coverage under s. 149.14 (2) (b) by a comparable amount  
19 in accordance with s. 149.14 (5m), including amounts received for premium and  
20 deductible subsidies under s. 149.144 and under the transfer to the fund from the  
21 appropriation account under s. 20.435 (4) (ah), and by increasing premiums from  
22 eligible persons with coverage under s. 149.146 in accordance with s. 149.146 (2) (b),  
23 to the extent that the amounts under subd. 1. a. and b. are insufficient to pay 60%  
24 of plan costs.

25           SECTION 4. 149.143 (2) (a) 2. of the statutes is amended to read:

**BILL**

1           149.143 (2) (a) 2. After making the determinations under subd. 1., by rule set  
2 premium rates for the new plan year, including the rates under s. 149.146 (2) (b), in  
3 the manner specified in sub. (1) (b) 1. a. and c. and such that a rate for coverage under  
4 s. 149.14 (2)(a) is not less than 150% nor more than 200% of the rate that a standard  
5 risk would be charged under an individual policy providing substantially the same  
6 coverage and deductibles as are **provided under** the plan.

7           **SECTION 5.** 149.143 (2m) (b) 1. of the statutes, as created by 1999 Wisconsin Act  
8 9, is amended to read:

9           149.143 (2m) (b) 1. **To** reduce premiums in succeeding plan years as provided  
10 in sub. (1) (b) 1. b. For eligible persons with coverage under s. 149.14 (2)(a),  
11 premiums may not be reduced below 150% of the rate that a standard risk would be  
12 charged under an individual policy providing substantially the same coverage **and**  
13 deductibles as are provided under the plan.

14           **SECTION 6.** 149.146 (2) (b) (intro.) of the statutes is amended to read:

15           149.146 (2) (b) (intro.) The schedule of premiums for coverage under this  
16 section shall be promulgated by rule by the department, as provided in s. 149.143.  
17 The rates for coverage under this section shall be set such that they differ from the  
18 rates for coverage under s. 149.14 (2)(a) by the same percentage as the percentage  
19 difference between the following:

20           **SECTION 7.** 149.146 (2) (b) 1. of the statutes is amended to read:

21           149.146 (2) (b) 1. The rate that a standard risk would be charged under an  
22 individual policy providing substantially the same coverage and deductibles as  
23 provided under s. 149.14 (2)(a) and (5)(a).

24           **SECTION 8.** 149.165 (1) of the statutes is amended to read:

**BILL**

1           149.165 (1) Except as provided in s. 149.146 (2) (a), the department shall  
2 reduce the premiums established under s. 149.11 in conformity with ss. 149.14 (5m),  
3 149.143 and 149.17, for the eligible persons and in the manner set forth in subs. (2)  
4 and (3).

5

**(END)**

**SUBMITTAL  
FORM**

**LEGISLATIVE REFERENCE BUREAU  
Legal Section Telephone: 266-3561  
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

Date: 0 1/05/2000

To: Health and Family Services

Relating to LRB drafting number: LRB-4142


Topic

HIRSP premium rates for persons who are eligible for medicare

Subject(s)

Insurance - health

*Please call him  
(Kevin Lewis) when  
ready.*

1. **JACKET** the draft for introduction 

in the **Senate** or the **Assembly** X (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT**. See the changes indicated or attached \_\_\_\_\_

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction \_\_\_\_\_

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Pamela J. Kahler, Senior Legislative Attorney  
Telephone: (608) 266-2682

. Kahler, Pam

---

**From:** Lewis, Kevin  
**Sent:** Wednesday, January 26, 2000 6:20 PM  
**To:** Kahler, Pam  
**Subject:** Hirsp bill



HIRSP Plan 2 Section  
1.doc

Pam,

I am abashed to request yet another change to the bill drafts on the HIRSP Plan 2 premium calculation.

Just before I left the state to visit family for all of last week, I got the bad news that the formula that everyone had agreed would codify practice wouldn't work after all. We just got in the new claims numbers for each plan and the toll of pharmacy claims is warping the per cap cost of Plan 2 beyond our expectations. As a result, I have to ask that we go back to our earlier approach of granting the board and department more flexibility in determining the Plan 2 premium rates. I took a stab at this language in the spirit of what you already **drafted** and here it is:

Section 1. 149.14 (5m) of the statutes is created to read:  
149.14 (5m) Premium Rates. For the coverage required under this section, the premium rates charged to persons with coverage under sub. (2) (b) shall be determined in accordance with the following factors: the amount of average per capita covered expenses paid by the plan in the previous calendar year on behalf of persons with coverage under sub. (2) (b) compared with those on behalf of persons with coverage under sub. (2) (a); the enrollment levels of persons with coverage under sub. (2) (b); and other economic factors that the department and the board consider relevant.

This is attached as a Word Document too if that's easier to work with.

As I have the bill jackets, I will bring these back over to you tomorrow morning so that you can proceed. Sorry about this additiqnal request. Please let me know if I can clarify anything.

Kevin

Section 1. 149.14 (5m) of the statutes is created to read:

149.14 (5m) Premium Rates. For the coverage required under this section, the premium rates charged to persons with coverage under sub. (2) (b) shall be determined in accordance with the following factors: the amount of average per capita covered expenses paid by the plan in the previous calendar year on behalf of persons with coverage under sub. (2) (b) compared with those on behalf of persons with coverage under sub. (2) (a); the enrollment levels of persons with coverage under sub. (2) (b); and other economic factors that the department and the board consider relevant.



*Wm in run*

# 1999 BILL

*SOON  
(1-27)  
MON 1-31*

*reg in  
cut*

1 **AN ACT to amend** 149.143 (1) (b) 1. a., 149.143 (1) (b) 1. c., 149.143 (2) (a) 2.,  
 2 149.143 (2m) (b) 1., 149.146 (2) (b) (intro.), 149.146 (2) (b) 1. and 149.165 (1); and  
 3 to create 149.14 (5m) of the statutes; **relating to: premium rates for coverage**  
 4 under the health insurance risk-sharing plan for persons who are eligible for  
 5 medicare.

**Analysis by the Legislative Reference Bureau**

*ins A-1*

\* The health insurance risk-sharing plan (HIRSP) provides health insurance coverage for persons who are covered under medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV) and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP offers its enrollees who are not eligible for medicare an annual choice of coverage option. For persons who are eligible for medicare, HIRSP provides an alternative policy that reduces the benefits payable by the amounts paid under medicare.

Under current law, 60% of HIRSP costs must be paid by premiums and premium and deductible subsidies. Premiums for the general major medical coverage may not be less than 150%, nor more than 200%, of the rate that a standard risk would be charged under an individual policy providing the same coverage and

**BILL**

deductibles as are provided under HIRSP Premiums for the choice of coverage option must differ from the general major medical coverage premiums by the same percentage as the percentage difference between what a standard risk would be charged for the two coverages. Current law, however, does not distinguish between the premium rates for the coverage provided to persons who are eligible for **medicare** and the coverage provided to persons who are not eligible for medicare.

This bill provides that the rates for the alternative, reduced-benefit coverage provided to persons who are eligible for medicare must be determined in relation to the rates charged to persons who are not eligible for medicare and as a function of the difference between the amount of covered expenses that HIRSP pays on behalf of each group. To calculate the rates charged to persons who are eligible for medicare, the rates that are charged to persons who are not eligible for medicare are multiplied by a fraction. The fraction's numerator is the amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons eligible for medicare, and the fraction's denominator is the amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons not eligible for medicare. Under the bill, only the premiums for the general major medical coverage for persons not eligible for medicare must be set between 150% and 200% of what a standard risk would pay for the same coverage and deductibles. The bill provides that if, in order to cover HIRSP expenses, premiums for persons who are not eligible for medicare are increased above 150% of what a standard risk would pay, premiums for the coverage provided to persons who are eligible for medicare must be increased by a comparable amount.

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. 149.14 (5m) of the statutes is created to read:

2 149.14 (5m) **PREMIUM RATES**. For the coverage required under this section, the  
3 premium rates charged to persons with coverage under sub. (2) (b) shall be  
4 determined by multiplying the premium rates charged to persons with coverage  
5 under sub. (2) (a) by a fraction, the numerator of which is the amount of covered  
6 expenses paid by the plan in the previous calendar year on behalf of persons with  
7 coverage under sub. (2) (b) and ~~the denominator of which is~~ the amount of covered  
8 expenses paid by the plan in the previous calendar year on behalf of persons with  
9 coverage under sub. (2) (a).

Just A-2

Just 2-5

Insert 2-9 →

average per capita



## BILL

1           **SECTION 2.** 149.143 (1) (b) 1. a. of the statutes, as affected by 1999 Wisconsin  
2 Act 9, is amended to read:

3           149.143 (1) (b) 1. a. First, from premiums from eligible persons with coverage  
4 under s. 149.14 ~~(2) (a)~~ set at 150% of the rate that a standard risk would be charged  
5 under an individual policy providing substantially the same coverage and  
6 deductibles as are provided under the plan ~~and from eligible persons with coverage~~  
7 under s. 149.14 (2) (b) set in accordance with s. 149.14 (5m), including amounts  
8 received for premium and deductible subsidies under s. 149.144 and under the  
9 transfer to the fund from the appropriation account under s. 20.435 (4) (ah), and from  
10 premiums collected from eligible persons with coverage under s. 149.146 set in  
11 accordance with s. 149.146 (2) (b).

12           **SECTION 3.** 149.143 (1) (b) 1. c. of the statutes, as affected by 1999 Wisconsin  
13 **Act 9**, is amended to read:

14           149.143 (1) (b) 1. c. Third, by increasing premiums from eligible persons with  
15 coverage under s. 149.14 ~~(2) (a)~~ to more than 150% but not more than 200% of the rate  
16 that a standard risk would be charged under an individual policy providing  
17 substantially the same coverage and deductibles as are provided under the plan ~~and~~  
18 from eligible persons with coverage under s. 149.14 (2) (b) by a comparable amount  
19 in accordance with s. 149.14 (5m), including amounts received for premium and  
20 deductible subsidies under s. 149.144 and under the transfer to the fund from the  
21 appropriation account under s. 20.435 (4) (ah), and by increasing premiums from  
22 eligible persons with coverage under s. 149.146 in accordance with s. 149.146 (2) (b),  
23 to the extent that the amounts under subd. 1. a. and b. are insufficient to pay 60%  
24 of plan costs.

25           **SECTION 4.** 149.143 (2) (a) 2. of the statutes is amended to read:

**BILL**

1           149.143 (2) (a) 2. **After** making the determinations under subd. l., by rule set  
2 premium rates for the new plan year, including the rates under s. 149.146 (2) (b), in  
3 the manner specified in sub. (1) (b) 1. a. and c. and such that a rate for coverage under  
4 s. 149.14 (2) (a) is not less than 150% nor more than 200% of the rate that a standard  
5 risk would be charged under an individual policy providing substantially the same  
6 coverage and deductibles as are provided under the plan.

7           **SECTION 5.** 149.143 (2m) (b) 1. of the statutes, as created by 1999 Wisconsin Act  
8 9, is amended to read:

9           149.143 (2m) (b) 1. To reduce premiums in succeeding plan years as **provided**  
10 in sub. (1) (b) 1. b. For eligible persons with coverage under s. 149.14 (2) (a),  
11 premiums may not be reduced below 150% of the rate that a standard risk would be  
12 charged under an individual policy providing substantially the same coverage and  
13 **deductibles** as are provided under the plan.

14           **SECTION 6.** 149.146 (2) (b) (intro.) of the statutes is amended to read:

15           149.146 (2) (b) (intro.) The schedule of premiums for coverage under this  
16 section shall be promulgated by rule by the department, as provided in s. 149.143.  
17 The rates for coverage under this section shall be set such that they differ from the  
18 rates for coverage under s. 149.14 (2) (a) by the same percentage as the **percentage**  
19 difference between the following:

20           **SECTION 7.** 149.146 (2) (b) 1. of the statutes is amended to read:

21           149.146 (2) (b) 1. The rate that a standard risk would be charged under an  
22 individual policy providing substantially the same coverage and deductibles as  
23 provided under s. 149.14 (2) (a) and (5) (a).

24           **SECTION 8.** 149.165 (1) of the statutes is amended to read:



1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-4142/2ins  
PJK:cmh:hmh

INSERT A-1

*no 913*  
, which is administered by the department of health and family services *(DHFS)* and the HIRSP board,

(END OF INSERT A-1)

INSERT A-2

*no 91*  
on the basis of: 1) a comparison between the average per capita amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons who are eligible for medicare and the average per capita amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons not eligible for medicare; 2) HIRSP enrollment levels of persons who are eligible for medicare; and 3) other economic factors that ~~the department of health and family services~~ and the HIRSP board consider relevant *(DHFS)*

(END OF INSERT A-2)

INSERT 2-5

*no 91*  
on the basis of the following factors:

*91* (a) A comparison between the average per capita

(END OF INSERT 2-5)

INSERT 2-9

*91* (b) The enrollment levels of persons with coverage under sub. (2) (b).

*91* (c) Other economic factors that the department and the board consider relevant.

(END OF INSERT)

*W.P.O. -  
This insert 2-9  
is typed on the  
companion draft  
LRB-4004/3ins*

### FACSIMILE COVER MESSAGE

**CONFIDENTIALITY:** This facsimile transmission is intended only for use of the individual or entity to which it is addressed. It may contain information which is privileged, confidential, or exempt from disclosure under applicable law.

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**TO:**

Name <i>Pam Kähler</i>		Facsimile Telephone Number <i>4-8522</i>
Location <i>LRB</i>	Room Number	Telephone Number

**FROM (Sender):**

Name <i>Kevin Lewis</i>	Number of Pages Including This cover sheet	Facsimile Telephone Number <i>6-7882</i>
Location <i>DHFS</i>	<i>2</i>	Telephone Number <i>6-3262</i>


**OPERATOR**

Destroy Originals

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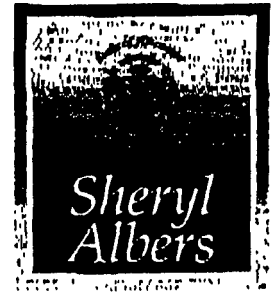
**COMMENTS/INSTRUCTIONS**

*Here is the correspondence I mentioned in my phone msg.  
I think your draft (since its inception) adequately treats her concerns,  
but please call me so that I can go over it with you.*

*Thank you!*  


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JAN 27 2000



January 25, 2000

Representative Gregg Underheim  
State Capitol, 11 North  
Madison, WI 53708

Dear Representative Underheim,

I understand that you plan to introduce a bill, at the request of the Department of Health and Family Services, intended to clarify in the statutes how the Medicare Plan (Plan 2) rates under the **HIRSP** are to be set as a percentage function of Major Medical Plan (Plan 1 .A) rates under HIRSP. The proposed language appears to accomplish this for setting full premium rates for Medicare Plan 2 enrollees.

I do have a concern, however, with section 8 because I do not believe it provides a **sufficient** foundation needed to generate the Medicare Plan **tables** that are currently used to derive reduced subsidy premiums for Medicare Plan 2 enrollees. It appears that the language in statute sections 149.165 (2) (a) **(b)** (c) (d) and (c) refers to setting reduced premiums as a function of "the rate that a standard risk would be charged under an individual policy providing substantially the same coverage and deductibles as provided under the plan". Thus, although those sections deal with the **Major Medical** Plan (Plan LA) enrollees, the sections may not be read to provide the foundation for the derivation of reduced subsidy premiums for Medicare Plan 2 enrollees as a percentage function of the reduced subsidy premiums established for Major Medical Plan **1** enrollees.

You may want to consider some way of clearly establishing that the methodology provided in Section 1 **of** the LRB is also to be used to set the reduced subsidy base rates for Medicare Plan 2 enrollees as a percentage function of the reduced subsidy base rates established for Major Medical Plan 1 enrollees,

**You** may also want to amend section 149.17 (1) to include cross references to section 149.14 (2) and to proposed section 149.14 (Sm).

If you have any questions, please let me know.

Sincerely,

Sheryl L. Albers  
State Representative  
SO\* Assembly District



*in not run*

# 1999 ASSEMBLY BILL

*(Wed pm, if possible)*  
*\* replace*  
*all of 4142*  
*w/ all of 4004/4*  
*(they are companion bills)*

1 **AN ACT** to amend 149.143 (1) (b) 1. a., 149.143 (1) (b) 1. c., 149.143 (2) (a) 2.,  
2 149.143 (2m) (b) 1., 149.146 (2) (b) (intro.), 149.146 (2) (b) 1. and 149.165 (1); and  
3 **to create** 149.14 (5m) of the statutes, **relating to:** premium rates for coverage  
4 under the health insurance risk-sharing plan for persons who are eligible for  
5 medicare.

### **Analysis by the Legislative Reference Bureau**

The health insurance risk-sharing plan (HIRSP), which is administered by the department of health and family services (DHFS) and the HIRSP board, provides health insurance coverage for persons who are covered under medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV) and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP offers its enrollees who are not eligible for medicare an annual choice of coverage option. For persons who are eligible for medicare, HIRSP provides an alternative policy that reduces the benefits payable by the amounts paid under medicare.

Under current law, 60% of HIRSP costs must be paid by premiums and premium and deductible subsidies. Premiums for the general major medical coverage may not be less than 150%, nor more than 200%, of the rate that a standard

**ASSEMBLY BILL**

risk would be charged under an individual policy providing the same coverage and deductibles as are provided under HIRSP. Premiums for the choice of coverage option must differ from the general major medical coverage premiums by the same percentage as the percentage difference between what a standard risk would be charged for the two coverages. Current law, however, does not distinguish between the premium rates for the coverage provided to persons who are eligible for medicare and the coverage provided to persons who are not eligible for medicare.

This bill provides that the rates for the alternative, reduced-benefit coverage provided to persons who are eligible for medicare must be determined on the basis of: 1) a comparison between the average per capita amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons who are eligible for medicare and the average per capita amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons not eligible for medicare; 2) HIRSP enrollment levels of persons who are eligible for medicare; and 3) other economic factors that DHFS and the HIRSP board consider relevant. Under the bill, only the premiums for the general major medical coverage for persons not eligible for medicare must be set between 150% and 200% of what a standard risk would pay for the same coverage and deductibles. The bill provides that if, in order to cover HIRSP expenses, premiums for persons who are not eligible for medicare are increased above 150% of what a standard risk would pay, premiums for the coverage provided to persons who are eligible for medicare must be increased by a comparable amount.

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.** 149.14 (5m) of the statutes is created to read:

2           149.14 (5m) **PREMIUM RATES.** For the coverage required under this section, the  
3 premium rates charged to persons with coverage under sub. (2) (b) shall be  
4 determined on the basis of the following factors:

5           (a) A comparison between the average per capita amount of covered expenses  
6 paid by the plan in the previous calendar year on behalf of persons with coverage  
7 under sub. (2) (b) and the average per capita amount of covered expenses paid by the  
8 plan in the previous calendar year on behalf of persons with coverage under sub. (2)

9           (a).

10           (b) The enrollment levels of persons with coverage under sub. (2) (b).





**1999 SENATE BILL**

*refers act.*

1. **AN ACT** to **renumber and amend** 149.165 (2) (intro.), 149.165 (2) (a), 149.165  
2 (2) (b), 149.165 (2) (c), 149.165 (2) (d) and 149.165 (2) (e); **to amend** 149.14 (5)  
3 (a), 149.143 (1) (b) 1. a., 149.143 (1) (b) 1. c., 149.143 (2) (a) 2., **149.143 (2m) (b)**  
4 l., 149.146 (2) (b) (intro.), 149.146 (2) (b) l., 149.165 (l), 149.165 (3m) and  
5 149.17 (1); and **to create** 149.14 (5m) and 149.165 (2) (bc) of the statutes;  
6 **relating to:** premium rates for coverage under the health insurance  
7 risk-sharing plan for persons who are eligible for medicare.

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**Analysis by the Legislative Reference Bureau**

The health insurance risk-sharing plan (HIRSP), which is administered by the department of health and family services (DHFS) and the HIRSP board, provides health insurance coverage for persons who are covered under medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV) and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP offers its enrollees who are not eligible for medicare an annual choice of coverage option. For persons who are eligible for medicare, HIRSP provides an alternative policy that reduces the benefits payable by the amounts paid under medicare.

**SENATE BILL**

Under current law, 60% of HIRSP costs must be paid by premiums and premium and deductible subsidies. Premiums for the general major medical coverage may not be less than 150%, nor more than 200%, of the rate that a standard risk would be charged under an individual policy providing the same coverage and deductibles as are provided under HIRSP. Premiums for the choice of coverage option must differ from the general major medical coverage premiums by the same percentage as the percentage difference between what a standard risk would be charged for the two coverages. Current law, however, does not distinguish between the premium rates for the coverage provided to persons who are eligible for medicare and the coverage provided to persons who are not eligible for medicare.

This bill provides that the rates for the alternative, reduced-benefit coverage provided to persons who are eligible for medicare must be determined on the basis of: 1) a comparison between the average per capita amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons who are eligible for medicare and the average per capita amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons not eligible for medicare; 2) HIRSP enrollment levels of persons who are eligible for medicare; and 3) other economic factors that DHFS and the HIRSP board consider relevant. Under the bill, only the premiums for the general major medical coverage for persons not eligible for medicare must be set between 150% and 200% of what a standard risk would pay for the same coverage and deductibles. The bill provides that if, in order to cover HIRSP expenses, premiums for persons who are not eligible for medicare are increased above 150% of what a standard risk would pay, premiums for the coverage provided to persons who are eligible for medicare must be increased by a comparable amount.

Under current law, a person with coverage under HIRSP who has a household income in one of five income brackets below \$25,000 receives a premium subsidy. For each income bracket, the premium that a covered person pays is reduced to a specified percentage, between 100% and 130%, of the rate that a standard risk in the private health insurance market would be charged for substantially the same coverage and deductibles as provided under HIRSP. The bill provides that the premium reductions to the specified percentages of the rate that a standard risk would be charged apply only to covered persons who are not eligible for medicare. The premium for a covered person who is eligible for medicare and who has a household income in one of the five income brackets below \$25,000 must be reduced by the same percentage as the premium is reduced for a person who is not eligible for medicare and who has a household income in the same income bracket:

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

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

1

**SECTION 1.** 149.14 (5) (a) of the statutes is amended to read:

**SENATE BILL**

1           149.14 (5) (a) The plan shall offer a deductible in combination with appropriate  
2 premiums determined under this chapter for major medical expense coverage  
3 required under this section. For coverage offered to those persons eligible for  
4 medicare, the plan shall offer a deductible equal to the deductible charged by part  
5 A of title XVIII of the federal social security act, as amended. The deductible  
6 amounts for all other eligible persons shall be dependent upon household income as  
7 determined under s. 149.165. For eligible persons under s. 149.165 (2) (a) 1., the  
8 deductible shall be \$500. For eligible persons under s. 149.165 (2) ~~(b)~~ (a) 2., the  
9 deductible shall be \$600. For eligible persons under s. ~~149.165 (2) (c)~~ (a) 3., the  
10 deductible shall be \$700. For eligible persons under s. 149.165 (2) ~~(d)~~ (a) 4., the  
11 deductible shall be \$800. For all other eligible persons who are not eligible for  
12 medicare, the deductible shall be \$1,000. With respect to all eligible persons,  
13 expenses used to satisfy the deductible during the last 90 days of a calendar year  
14 shall also be applied to satisfy the deductible for the following calendar year.

15           **SECTION 2.** 149.14 (5m) of the statutes is created to read:

16           149.14 (5m) **PREMIUM RATES.** For the coverage required under this section, the  
17 premium rates charged to eligible persons with coverage under sub. (2) (b) shall be  
18 determined on the basis of the following factors:

19           (a) A comparison between the average per capita amount of covered expenses  
20 paid by the plan in the previous calendar year on behalf of eligible persons with  
21 coverage under sub. (2) (b) and the average per capita amount of covered expenses  
22 paid by the plan in the previous calendar year on behalf of eligible persons with  
23 coverage under sub. (2) (a).

24           (b) The enrollment levels of eligible persons with coverage under sub. (2) (b).

**SENATE BILL**

1 (c) Other economic factors that the department and the board consider  
2 relevant.

3 SECTION 3. 149.143 (1) (b) 1. a. of the statutes, as affected by 1999 Wisconsin  
4 Act 9, is amended to read:

5 149.143 (1) (b) 1. a. First, from premiums from eligible persons with coverage  
6 under s. 149.14 ~~(2)(a)~~ set at 150% of the rate that a standard risk would be charged ,  
7 under an individual policy providing substantially the same coverage and  
8 deductibles as are provided under the plan ~~and from eligible persons with coverage~~  
9 under s. 149.14 (2) (b) set in accordance with s. 149.14 (5m), including amounts  
10 received for premium and deductible subsidies under s. 149.144 and under the  
11 transfer to the fund from the appropriation account under s. 20.435 (4) (ah), and from  
12 premiums collected from eligible persons with coverage under s. 149.146 set in  
13 accordance with s. 149.146 (2) (b).

14 SECTION 4. 149.143 (1) (b) 1. c. of the statutes, as affected by 1999 Wisconsin  
15 Act 9, is amended to read:

16 149.143 (1) (b) 1. c. Third, by increasing premiums from eligible persons with  
17 coverage under s. 149.14 ~~(2)(a)~~ to more than 150% but not more than 200% of the rate  
18 that a standard risk would be charged under an individual policy providing  
19 substantially the same coverage and deductibles as are provided under the plan ~~and~~  
20 from eligible persons with coverage under s. 149.14 (2) (b) by a comparable amount  
21 in accordance with s. 149.14 (5m), including amounts received for premium and  
22 deductible subsidies under s. 149.144 and under the transfer to the fund from the  
23 appropriation account under s. 20.435 (4) (ah), and by increasing premiums from  
24 eligible persons with coverage under s. 149.146 in accordance with s. 149.146 (2) (b),

## SENATE BILL

1 to the extent that the amounts under subd. 1. a. and b. are insufficient to pay 60%  
2 of plan costs.

3 SECTION 5. 149.143 (2) (a) 2. of the statutes is amended to read:

4 149.143 (2) (a) 2. After making the determinations under subd. 1., by rule set  
5 premium rates for the new plan year, including the rates under s. 149.146 (2) (b), in  
6 the manner specified in sub. (1) (b) 1. a. and c. and such that a rate for coverage under  
7 s. 149.14 (2) (a) is not less than 150% nor more than 200% of the rate that a standard  
8 risk would be charged under an individual policy providing substantially the same  
9 coverage and deductibles as are provided under the plan.

10 SECTION 6. 149.143 (2m) (b) 1. of the statutes, as created by 1999 Wisconsin Act  
11 9, is amended to read:

12 149.143 (2m) (b) 1. To reduce premiums in succeeding plan years as provided  
13 in sub. (1) (b) 1. b. For eligible persons with coverage under s. 149.14 (2) (a),  
14 premiums may not be reduced below 150% of the rate that a standard risk would be  
15 charged under an individual policy providing substantially the same coverage and  
16 deductibles as are provided under the plan.

17 SECTION 7. 149.146 (2) (b) (intro.) of the statutes is amended to read:

18 149.146 (2) (b) (intro.) The schedule of premiums for coverage under this  
19 section shall be promulgated by rule by the department, as provided in s. 149.143.  
20 The rates for coverage under this section shall be set such that they differ from the  
21 rates for coverage under s. 149.14 (2) (a) by the same percentage as the percentage  
22 difference between the following:

23 SECTION 8. 149.146 (2) (b) 1. of the statutes is amended to read:

**SENATEBILL**

1           149.146 (2) (b) 1. The rate that a standard risk would be charged under an  
2 individual policy providing substantially the same coverage and deductibles as  
3 provided under s. 149.14 (2) (a) and (5) (a).

4           **SECTION 9.** 149.165 (1) of the statutes is amended to read:

5           149.165 (1) Except as provided in s. 149.146 (2) (a), the department shall  
6 reduce the premiums established under s. 149.11 in conformity with ss. 149.14 (5)n,  
7 149.143 and **149.17**; for the eligible persons and in the manner set forth in subs. (2)  
8 and (3).

9           **SECTION 10.** 149.165 (2) (intro.) of the statutes, as affected by 1999 Wisconsin  
10 Act 9, is renumbered 149.165 (2) (a) (intro.) and amended to read:

11           149.165 (2) (a) (intro.) Subject to sub. **(3m)**, if the household income, as defined  
12 in s. 71.52 (5) and as determined under sub. (3), of an eligible person with coverage  
13 under s. 149.14 (2) (a) is equal to or greater than the first amount and less than the  
14 2nd amount listed in any of the following, the department shall reduce the premium  
15 for the eligible person to the rate shown after the amounts:

16           **SECTION 11.** 149.165 (2) (a) of the statutes is renumbered 149.165 (2) (a) 1. and  
17 amended to read:

18           149.165 (2) (a) 1. If equal to or greater than \$0 and less than \$10,000, to 100%  
19 of the rate that a standard risk would be charged under an individual policy  
20 providing substantially the same coverage and deductibles as provided under the  
21 ~~plan~~ s. 149.14 (2) (a) and (5) (a).

22           **SECTION 12.** 149.165 (2) (b) of the statutes is renumbered 149.165 (2) (a) 2. and  
23 amended to read:

24           149.165 (2) (a) 2. If equal to or greater than \$10,000 and less than \$14,000, to  
25 106.5% of the rate that a standard risk would be charged under an individual policy

**SENATE BILL**

1 providing substantially the same coverage and deductibles as provided under ~~the~~  
2 ~~plan s. 149.14 (2) (a) and (5) (a).~~

3 SECTION 13. 149.165 (2) (bc) of the statutes is created to read:

4 149.165 (2) (bc) Subject to sub. (3m), if the household income, as defined in s.  
5 71.52 (5) and as determined under sub. (3), of an eligible person with coverage under  
6 s. 149.14 (2) (b) is equal to or greater than the first amount and less than the 2nd  
7 amount listed in par. (a) 1., 2., 3., 4. or 5., the department shall reduce the premium  
8 established for the eligible person by the same percentage as the department  
9 reduces, under par. (a), the premium established for an eligible person with coverage  
10 under s. 149.14 (2) (a) who has a household income specified in the same subdivision  
11 under par. (a) as the household income of the eligible person with coverage under s.  
12 149.14 (2) (b).

13 SECTION 14. 149.165 (2) (c) of the statutes is renumbered 149.165 (2) (a) 3. and  
14 amended to read:

15 149.165 (2) (a) 3. If equal to or greater than \$14,000 and less than \$17,000, to  
16 115.5% of the rate that a standard risk would be charged under an individual policy  
17 providing substantially the same coverage and deductibles as provided under the  
18 ~~plan s. 149.14 (2) (a) and (5) (a).~~

19 SECTION 15. 149.165 (2) (d) of the statutes is renumbered 149.165 (2) (a) 4. and  
20 amended to read:

21 149.165 (2) (a) 4. If equal to or greater than \$17,000 and less than \$20,000, to  
22 124.5% of the rate that a standard risk would be charged under an individual policy  
23 providing substantially the same coverage and deductibles as provided under ~~the~~  
24 ~~plan s. 149.14 (2) (a) and (5) (a).~~

