

1999 SENATE BILL 417

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 1., 149.146 (2) (b) (intro.), 149.146 (2) (b) 1., 149.165 (1), 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.

Analysis by the Legislative Reference Bureau

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

8 **SECTION 1.** 149.14 (5) (a) of the statutes is amended to read:
9 149.14 (5) (a) The plan shall offer a deductible in combination with appropriate
10 premiums determined under this chapter for major medical expense coverage

SENATE BILL 417**SECTION 1**

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

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

14 149.14 **(5m)** PREMIUM RATES. For the coverage required under this section, the
15 premium rates charged to eligible persons with coverage under sub. (2) (b) shall be
16 determined on the basis of the following factors:

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

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

23 (c) Other economic factors that the department and the board consider
24 relevant.

SENATE BILL 417

1 **SECTION 3.** 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 4.** 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 5.** 149.143 (2) (a) 2. of the statutes is amended to read:

SENATE BILL 417**SECTION 5**

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 6.** 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 7.** 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 8.** 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 9.** 149.165 (1) of the statutes is amended to read:

SENATE BILL 417

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

7 149.165 (2) (a) (intro.) Subject to sub. (3m), if the household income, as defined
8 in s. 71.52 (5) and as determined under sub. (3), of an eligible person with coverage
9 under s. 149.14 (2) (a) is equal to or greater than the first amount and less than the
10 2nd amount listed in any of the following, the department shall reduce the premium
11 for the eligible person to the rate shown after the amounts:

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

14 149.165 (2) (a) 1. If equal to or greater than \$0 and less than \$10,000, to 100%
15 of the rate that a standard risk would be charged under an individual policy
16 providing substantially the same coverage and deductibles as provided under ~~the~~
17 plan s. 149.14 (2) (a) and (5) (a).

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

20 149.165 (2) (a) 2. If equal to or greater than \$10,000 and less than \$14,000, to
21 106.5% of the rate that a standard risk would be charged under an individual policy
22 providing substantially the same coverage and deductibles as provided under ~~the~~
23 plan s. 149.14 (2) (a) and (5) (a).

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

SENATE BILL 417**SECTION 13**

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

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

12 149.165 (2) (a) 3. If equal to or greater than \$14,000 and less than \$17,000, to
13 115.5% of the rate that a standard risk would be charged under an individual policy
14 providing substantially the same coverage and deductibles as provided under the
15 plan s. 149.14 (2) (a) and (5) (a).

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

18 149.165 (2) (a) 4. If equal to or greater than \$17,000 and less than \$20,000, to
19 124.5% 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 16.** 149.165 (2) (e) of the statutes, as created by 1999 Wisconsin Act
23 9, is renumbered 149.165 (2) (a) 5. and amended to read:

24 149.165 (2) (a) 5. If equal to or greater than \$20,000 and less than \$25,000, to
25 130% of the rate that a standard risk would be charged under an individual policy

SENATE BILL 417

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

3 **SECTION 17.** 149.165 (3m) of the statutes, as created by 1999 Wisconsin Act 9,
4 is amended to read:

5 149.165 **(3m)** The board may approve adjustment of the household income
6 dollar amounts listed in sub. (2) (a) ~~to (e)~~ 1. to 5., except for the first dollar amount
7 listed in sub. (2) (a) 1., to reflect changes in the consumer price index for all urban
8 consumers, U.S. city average, as determined by the U.S. department of labor.

9 **SECTION 18.** 149.17 (1) of the statutes is amended to read:

10 149.17 **(1)** Subject to ss. 149.14 (5m), 149.143 and 149.146 (2) (b), a rating plan
11 calculated in accordance with generally accepted actuarial principles.

12

(END)