BILL HISTORY FOR SENATE BILL 417 (LRB –4004)

An Act to renumber and amend 149.165 (2) (intro.), 149.165 (2) (a), 149.165 (2) (b), 149.165 (2) (c), 149.165 (2) (d) and 149.165 (2) (e); to amend 149.14 (5) (a), 149.143 (1) (b) 1. a., 149.143 (1) (b) 1. c., 149.143 (2) (a) 2., 149.143 (2m) (b) 1., 149.146 (2) (b) (intro.), 149.146 (2) (b) 1., 149.165 (1), 149.165 (3m) and 149.17 (1); and to create 149.14 (5m) and 149.165 (2) (bc) of the statutes; relating to: premium rates for coverage under the health insurance risk–sharing plan for persons who are eligible for medicare. (FE)

2000

03–01. S. Introduced by Senators **Breske, Roessler** and **Rosenzweig**; cosponsored by Representatives **Underheim, Albers, Goetsch, Musser, Urban, Gunderson** and **Olsen.**

03–01. S. Read first time and referred to committee on Health, Utilities, Veterans and Military Affairs .. 451

03–10. S. Fiscal estimate received.

03–15. S. Public hearing held.

03–20. S. Executive action taken.

03–23. S. Senate substitute amendment 1 offered by Senator Robson **(LRB s0426)** 523

03–23. S. Report passage recommended by committee on Health, Utilities, Veterans and Military Affairs, Ayes 6, Noes 1 517

03–23. S. Available for scheduling.

03–29. S. Read a second time 555

03–29. S. Ordered to a third reading 555

03–29. S. Rules suspended 555

03–29. S. Read a third time 555

03–29. S. Placed after Senate Bill 378 on the calendar of 3–29–2000 555

03–29. S. Referred to a second reading 557

03–29. S. Senate substitute amendment 1 withdrawn and returned to author 557

03–29. S. Ordered to a third reading 557

03–29. S. Rules suspended 557

03–29. S. Read a third time and **passed** 557

03–29. S. Ordered immediately messaged 558

03–30. A. Received from Senate 904

03–30. A. Read first time.

03–30. A. Rules suspended and taken up 909

03–30. A. Read a second time 909

03–30. A. Ordered to a third reading 909

03–30. A. Rules suspended 909

03–30. A. Read a third time and **concurred in** 909

03–30. A. Ordered immediately messaged 909

03–30. S. Received from Assembly concurred in.0

1999
ENROLLED BILL

99en SB-417

ADOPTED DOCUMENTS:

☑ Orig ☐ Engr ___ SubAmdt ___ 99 -4004/4

Amendments to above (if none, write "NONE"): None

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Topic Premium rates for coverage under the health insurance risk-sharing plan for persons eligible for medicare

4/7/00 Peter Dykman

Date **Enrolling Drafter**

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1999 SENATE BILL 417

March 1, 2000 – Introduced by Senators BRESKE, ROESSLER and ROSENZWEIG, cosponsored by Representatives UNDERHEIM, ALBERS, GOETSCH, MUSSER, URBAN, GUNDERSON and OLSEN. Referred to Health, Utilities, Veterans and Military Affairs.

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 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 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.

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:

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).

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),

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:

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

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

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

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

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

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

149.165 **(2)** (a) 1. If equal to or greater than $0 and less than $10,000, to 100% 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~~ s. 149.14 (2) (a) and (5) (a).

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

149.165 **(2)** (a) 2. If equal to or greater than $10,000 and less than $14,000, to 106.5% 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~~ s. 149.14 (2) (a) and (5) (a).

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

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

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

149.165 **(2)** (a) 3. If equal to or greater than $14,000 and less than $17,000, to 115.5% 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~~ s. 149.14 (2) (a) and (5) (a).

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

149.165 **(2)** (a) 4. If equal to or greater than $17,000 and less than $20,000, to 124.5% 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~~ s. 149.14 (2) (a) and (5) (a).

1 **SECTION 16.** 149.165 (2) (e) of the statutes, as created by 1999 Wisconsin Act
2 9, is renumbered 149.165 (2) (a) 5. and amended to read:

3 149.165 **(2)** (a) 5. If equal to or greater than $20,000 and less than $25,000, to
4 130% of the rate that a standard risk would be charged under an individual policy
5 providing substantially the same coverage and deductibles as provided under ~~the~~
6 ~~plan~~ s. 149.14 (2) (a) and (5) (a).

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

9 149.165 **(3m)** The board may approve adjustment of the household income
10 dollar amounts listed in sub. (2) (a) ~~to (e)~~ 1. to 5., except for the first dollar amount
11 listed in sub. (2) (a) 1., to reflect changes in the consumer price index for all urban
12 consumers, U.S. city average, as determined by the U.S. department of labor.

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

14 149.17 **(1)** Subject to ss. 149.14 (5m), 149.143 and 149.146 (2) (b), a rating plan
15 calculated in accordance with generally accepted actuarial principles.

16 **(END)**