2001 DRAFTING REQUEST

Bill

Received: **02/08/2001**

Received By: **kahlepj**

Wanted: **As time permits**

Identical to LRB:

For: **Sheryl Albers (608) 266-8531**

By/Representing: **her office and DHFS**

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

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

Subject: **Insurance - health**
Health - miscellaneous

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Removing drug copays from calculation of HIRSP out-of-pocket expenses

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	kahlepj 02/14/2001	gilfokm 02/14/2001					State
/1			martykr 02/14/2001		lrb_docadmin 02/14/2001		State
/2	kahlepj 02/21/2001	gilfokm 02/22/2001	kfollet 02/22/2001		lrb_docadmin 02/22/2001		State
/3	kahlepj 02/26/2001	gilfokm 02/26/2001	jfrantze 02/27/2001		lrb_docadmin 02/27/2001	lrb_docadmin 02/28/2001	

FE Sent For:

<END>

2001 DRAFTING REQUEST

Bill

Received: **02/08/2001**

Received By: **kahlepj**

Wanted: **As time permits**

Identical to LRB:

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

By/Representing: **Russ Pederson**

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

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

Subject: **Insurance - health**
Health - miscellaneous

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Removing drug copays from calculation of HIRSP out-of-pocket expenses

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Instructions:

See Attached

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Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	kahlepj 02/14/2001	gilfokm 02/14/2001		_____ _____			State
/1			martykr 02/14/2001	_____ _____	lrb_docadmin 02/14/2001		State
/2	kahlepj 02/21/2001	gilfokm 02/22/2001	kfollet 02/22/2001	_____ _____	lrb_docadmin 02/22/2001		State
/3	kahlepj 02/26/2001	gilfokm 02/26/2001	jfrantze 02/27/2001	_____ _____	lrb_docadmin 02/27/2001		

FE Sent For:

<END>

LRB-2454

2001 DRAFTING REQUEST

Bill

Received: **02/08/2001**

Received By: **kahlepj**

Wanted: **As time permits**

Identical to LRB:

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

By/Representing: **Russ Pederson**

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

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

Subject: **Insurance - health**
Health - miscellaneous

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Removing drug copays from calculation of HIRSP out-of-pocket expenses

---

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	kahlepj 02/14/2001	gilfokm 02/14/2001		_____ _____			State
/1			martykr 02/14/2001	_____ _____	lrb_docadmin 02/14/2001		State
/2	kahlepj 02/21/2001	gilfokm 02/22/2001	kfollet 02/22/2001	_____ _____	lrb_docadmin 02/22/2001		

FE Sent For: 3-2/King 2/26-01 2/22/01 2/27

<END>

LRB-2454

2001 DRAFTING REQUEST

Bill

Received: **02/08/2001**

Received By: **kahlepj**

Wanted: **As time permits**

Identical to LRB:

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

By/Representing: **Russ Pederson**

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

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

Subject: **Insurance - health**
Health - miscellaneous

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Removing drug copays from calculation of HIRSP out-of-pocket expenses

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	kahlepj 02/14/2001	gilfokm 02/14/2001		_____ _____			State
/1		2-2/kmg 2-2-01	martykr 02/14/2001	_____ _____	lrb_docadmin 02/14/2001		

FE Sent For:

2/22 **<END>** 2/22

LRB-2454

2001 DRAFTING REQUEST

Bill

Received: **02/08/2001**

Received By: **kahlepj**

Wanted: **As time permits**

Identical to LRB:

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

By/Representing: **Russ Pederson**

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

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

please e-mail when ready

Subject: **Insurance - health**
Health - miscellaneous

Extra Copies:

Sent 2/14/01 pdg

Pre Topic:

No specific pre topic given

Topic:

Removing drug copays from calculation of HIRSP out-of-pocket expenses

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	kahlepj	1-2/14-01 KMG	2/14 KM	RS 2 KM 14			

FE Sent For:

<END>

DEPARTMENT OF HEALTH AND FAMILY SERVICES
HFS-32 (Rev. 6/97)

STATE OF WISCONSIN

FACSIMILE COVER MESSAGE

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TO:

Name		Facsimile Telephone Number
PAM KAHLER		4-6948
Location	**Room Number**	**Telephone Number**
LRB		

FROM (Sender):

Name	Number of Pages Including This Cover Sheet	Facsimile Telephone Number
RUSS PEDERSON		
Location		**Telephone Number**
	3	6-3262

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COMMENTS/INSTRUCTIONS

THE FACSIMILE MACHINE COPIES ONLY ONE SIDE OF THE DOCUMENT.
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1. **Remove the Drug Copayment from Calculation of Annual Out of Pocket Expenses**

1999 Wisconsin Act 9 provided DHFS with the authority to establish drug copayments in lieu of the current deductible and coinsurance amounts for prescription drugs. The current coinsurance and deductible system makes it difficult for pharmacies to know how much to collect from a policyholder when a prescription drug is dispensed. As a result, pharmacies often require policyholders to pay in full for their medication, and then submit a claim for reimbursement. The change to copayments was intended to make it easier for pharmacies to collect from policyholders. However, the language as approved in 1999 Wisconsin Act 9 requires that the copayment be included in the calculation of policyholders' out of pocket costs. Since pharmacies would not know when a policyholder has reached his/her out of pocket annual maximum, pharmacies are still likely to require policyholders to pay up front and submit a claim to HIRSP for reimbursement. This change would remove the requirement that copayment be counted toward the policyholder"s annual out of pocket costs. Instead, the Board would approve copayment amounts that will be collected by the pharmacy each time a medication is dispensed. Since pharmacies will know the exact amount to collect, HIRSP may require pharmacies to collect only the copayment and to submit claims on behalf of HIRSP policyholders. In their November 2000 financial audit report of fiscal year 1998-99 HIRSP operations, the Legislative Audit Bureau recommended that, "*if the Department of Health and Family Services wishes to implement a separate drug copayment that is not applied toward other plan deductibles or out-of-pocket maximums, it seek statutory authority to do so.*" [An Audit — Health Insurance Risk Sharing Plan, Department of Health and Family Services — 00-13, pp. 22, 23]

to: establishing copayment and coinsurance amounts for prescription drugs, ~~and adjusting allowed reimbursement amounts for prescription drugs~~ under the health insurance risk-sharing plan; and providing emergency rule making authority.

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

149.14 (5) (e) Subject to sub. (8) (b), the department may, by rule under s. 149.17 (4), establish copayments and coinsurance amounts for prescription drug coverage and maximum out of pocket limitations on drug copayment and coinsurance amounts paid by an individual policyholder under sub. (3) (d). Any copayment or coinsurance amounts or rates or maximum out of pocket limitations established are subject to approval of the board. ~~Copayments paid by an eligible person under this paragraph shall count toward the deductible and covered costs not paid by the plan under pars. (a) to (c).~~ under the health insurance risk-sharing plan.

SECTION 2. 149.14 (9) of the statutes is created to read:

149.14 (9) Using the procedure under s. 227.24, the department may promulgate rules under sub. (5) (e) for the period before the effective date of any permanent rules promulgated under sub. (5) (e), but not to exceed the period authorized under s. 227.24 (1) (c) and (2). Notwithstanding s. 227.24 (1) and (3), the department is not required to make a finding of emergency.

State of Wisconsin
2001 – 2002 LEGISLATURE

LRB–2454/1
PJK...:...

PRELIMINARY DRAFT – NOT READY FOR INTRODUCTION

Friday 2/16

AN ACT ...; **relating to:** copayments and coinsurance for prescription drugs under the health insurance risk–sharing plan and providing an exemption from emergency rule procedures.

Analysis by the Legislative Reference Bureau

The health insurance risk–sharing plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under medicare because they are disabled, persons who have tested positive for 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. Responsibility for administering HIRSP is split between the department of health and family services (DHFS) and a board of governors (board).

For covered services obtained in a calendar year, a person with coverage under HIRSP pays a deductible, and then pays coinsurance of 20% of covered costs that exceed the deductible amount. HIRSP pays 100% of covered costs incurred by the person during the remainder of the calendar year once the person has paid a total of $2,000 in deductible and coinsurance. (The deductible and coinsurance out–of–pocket limit is $500 for a covered person who is receiving medicare and $4,000 for all covered persons in the same family.) Current law authorizes DHFS to establish, by rule with the approval of the board, copayments for prescription drug coverage. Copayments that a covered person pays count toward the deductible and coinsurance out–of–pocket limit.

The bill authorizes DHFS to establish for prescription drug coverage copayment amounts or rates, coinsurance rates, and a maximum out–of–pocket copayment and coinsurance limit over which HIRSP pays 100% of covered prescription drug costs. Any amount or rate must be approved by the board. In addition, the bill provides that amounts paid by a covered person in copayments or coinsurance for prescription drugs do not count toward the deductible and coinsurance out–of–pocket limit that applies under current law to covered costs.

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 (5) (e) of the statutes is amended to read:

149.14 **(5)** (e) Subject to sub. (8) (b), the department may, by rule under s. 149.17 (4), establish ~~copayments~~ copayment amounts or rates and coinsurance rates for prescription drug coverage under sub. (3) (d). The department may by rule establish a maximum out–of–pocket amount over which, if paid by an eligible person in cost–sharing established under this paragraph in a calendar year, the plan shall pay 100% of the covered costs under sub. (3) (d) incurred by the eligible person during the remainder of the calendar year. Any copayment ~~amounts or rates~~ amount or rate, coinsurance rate, or maximum out–of–pocket amount established ~~are~~ under this paragraph is subject to the approval of the board. Copayments or coinsurance paid by an eligible person under this paragraph shall not count toward the deductible and covered costs not paid by the plan under pars. (a) to (c).

History: 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 117, 146; 1983 a. 27; 1985 a. 29 s. 3202 (30); 1985 a. 332 s. 253; 1987 a. 27, 239; 1989 a. 332; 1991 a. 39, 269; 1995 a. 463; 1997 a. 27 ss. 3026c, 4847 to 4859; Stats. 1997 s. 149.14; 1997 a. 237; 1999 a. 9, 165.

SECTION 2. Nonstatutory provisions.

(1) RULES ON DRUG COPAYMENTS. The department of health and family services may use the procedure under section 227.24 of the statutes to promulgate rules authorized under section 149.14 (5) (e) of the statutes, as affected by this act. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the department

is not required to provide evidence that promulgating a rule under this subsection as an emergency rule is necessary for the preservation of public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under this subsection.

(END)

Kahler, Pam

From: Pederson, Russell
Sent: Friday, February 16, 2001 11:08 AM
To: Kahler, Pam
Subject: LRB 2454/1, relating to HIRSP co-insurance

HIRSP_coinsurance.doc

Hi Pam,

Thanks for getting this to DHFS so quickly. I have attached a summary of our comments regarding the draft. In particular, we are concerned that the summary reflects the current policy/stats. as relates to this specific change.

Again, the Board has approved a formal motion recommending this change. I anticipate the legislation will be sponsored by bipartisan leader from each house at the 'request of the HIRSP Board'. Please let me know if you would like to discuss the suggestions. Thanks again,
Russ

Date: February 16, 2001

To: Pam Kahler, Senior Attorney
Legislative Reference Bureau

From: Russ Pederson
Department of Health and Family Services

Re: LRB-2454/1, relating to HIRSP coinsurance for prescription drugs

The Department has reviewed the draft and offers the following suggestions in order to clarify the intent of our drafting request.

The analysis section indicates that responsibility for 'administering' HIRSP is split between the DHFS and the Board. That is not accurate. The role of the Board is an advisory relationship to the DHFS with certain, specific requirements including: the Board is required to approve the budget; to contract with the plan administrator; and, with the proposed language, the Board would also approve drug coinsurance amounts.

Regarding coverage under HIRSP, the analysis section refers to $2,000 annual out-of-pocket maximum. This is true for HIRSP Plan 1A only. Further, under HIRSP Plan 1A a policyholder pays a $1,000 deductible, then pays coinsurance of 20% of covered costs that exceed the deductible amount. The annual out-of-pocket max for Plan 1B is $3,500 with a $2,500 deductible. As draft indicates, $500 deductible is accurate for Plan 2 - Medicare. The family maximums are $4,000 for Plan 1A, $7,000 for Plan 1B and $1,000 for Plan 2 – all for one calendar year. Does the draft require a description of these plan details?

The analysis seems to suggest that drug copayments are in place now – that is incorrect. DHFS has not implemented copayments because of the statutory requirement that they count toward the deductible and out-of-pocket maximum. Perhaps the analysis should address the problem with that requirement - it is, in fact, the reason for the legislation (and at the suggestion of the LAB audit finding).

The reference to copayment amount and rate and coinsurance rate is confusing. Is there a difference between a copayment rate and a coinsurance rate? We too, understand that copayment and coinsurance are terms of art in the industry, one generally referring to a flat amount and the other a percentage. But if the word 'rate' is now added to copayments also, then the distinction is blurred. It is clear and adequate to refer to a copayment amount or coinsurance rate.

It should also be made clearer that the drug coinsurance would replace the coinsurance for other expenses. This could be done by something like modifying (5)(b) to say 'except as provided in par. (c) and par. (e). . . ' or modifying (5)(e) to say 'subject to sub. (8)(b) and in lieu of par. (c). . ."

Finally, the analysis should refer in the last paragraph of page 2, to 'out-of-pocket limits that apply under current law..."

Thank you, again, for your help with this draft. Please call, 266-3262, with any questions regarding these comments.

State of Wisconsin
2001 – 2002 LEGISLATURE

LRB–2454/2
PJK:~~kmg:km~~ etc

2001 BILL

AN ACT *to amend* 149.14 (5) (e) of the statutes; **relating to:** copayments and coinsurance for prescription drugs under the health insurance risk–sharing plan and providing an exemption from emergency rule procedures.

Analysis by the Legislative Reference Bureau

The health insurance risk–sharing plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under medicare because they are disabled, persons who have tested positive for 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. Responsibility for administering HIRSP is split between the department of health and family services (DHFS) and a board of governors (board).

For covered services obtained in a calendar year, a person with coverage under HIRSP pays a deductible, and then pays coinsurance of 20% of covered costs that exceed the deductible amount. HIRSP pays 100% of covered costs incurred by the person during the remainder of the calendar year once the person has paid a total of $2,000 in deductible and coinsurance. (The deductible and coinsurance out–of–pocket limit is $500 for a covered person who is receiving medicare and $4,000 for all covered persons in the same family.) Current law authorizes DHFS to establish, by rule with the approval of the board, copayments for prescription drug

coverage. Copayments that a covered person pays count toward the deductible and coinsurance out–of–pocket limit.

The bill authorizes DHFS to establish for prescription drug coverage copayment amounts or rates, coinsurance rates, and a maximum out–of–pocket copayment and coinsurance limit over which HIRSP pays 100% of covered prescription drug costs. Any amount or rate must be approved by the board. In addition, the bill provides that amounts paid by a covered person in copayments or coinsurance for prescription drugs do not count toward the deductible and ~~coinsurance~~ out–of–pocket limit that applies under current law to covered costs.

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 (5) (e) of the statutes is amended to read:

149.14 **(5)** (e) Subject to sub. (8) (b), the department may, by rule under s. 149.17 (4), establish ~~copayments~~ copayment amounts or rates and coinsurance rates for prescription drug coverage under sub. (3) (d). The department may by rule establish a maximum out–of–pocket amount over which, if paid by an eligible person in cost–sharing established under this paragraph in a calendar year, the plan shall pay 100% of the covered costs under sub. (3) (d) incurred by the eligible person during the remainder of the calendar year. Any copayment ~~amounts or rates~~ amount or rate, coinsurance rate, or maximum out–of–pocket amount established ~~are~~ under this paragraph is subject to the approval of the board. Copayments or coinsurance paid by an eligible person under this paragraph shall not count toward the deductible and covered costs not paid by the plan under pars. ~~(a) to (c)~~.

SECTION 2. Nonstatutory provisions.

(1) RULES ON DRUG COPAYMENTS. The department of health and family services may use the procedure under section 227.24 of the statutes to promulgate rules authorized under section 149.14 (5) (e) of the statutes, as affected by this act.

Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the department is not required to provide evidence that promulgating a rule under this subsection as an emergency rule is necessary for the preservation of public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under this subsection.

(END)

INSERT 1–A

The health insurance risk–sharing plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under medicare because they are disabled, persons who have tested positive for 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 is administered by the department of health and family services (DHFS), in conjunction with a plan administrator and a board of governors (board).

For covered services obtained in a calendar year, a person with coverage under HIRSP pays a deductible, and then pays coinsurance of 20% of covered costs that exceed the deductible amount. HIRSP pays 100% of covered costs incurred by the person during the remainder of the calendar year once the person has paid a specified amount in deductible and coinsurance (out–of–pocket limit). Current law authorizes DHFS to establish, by rule with the approval of the board, copayments for prescription drug coverage, and provides that those copayments count toward the out–of–pocket limit that a person must pay before HIRSP will pay 100% of the person's covered costs.

This bill authorizes DHFS to establish for prescription drug coverage, in addition to copayments, coinsurance rates and copayment and coinsurance out–of–pocket limits over which HIRSP pays 100% of covered prescription drug costs. Any amount or rate must be approved by the board. In addition, the bill provides that amounts paid by a covered person in copayments and coinsurance for prescription drugs are separate from, and do not count toward, the deductible and coinsurance out–of–pocket limits that apply under current law to other covered costs.

(END OF INSERT 1–A)

INSERT 2–12

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

149.14 **(5)** (title) DEDUCTIBLES, COPAYMENTS ~~AND~~, COINSURANCE, AND OUT–OF–POCKET LIMITS.

History: 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 117, 146; 1983 a. 27; 1985 a. 29 s. 3202 (30); 1985 a. 332 s. 253; 1987 a. 27, 239; 1989 a. 332; 1991 a. 39, 269; 1995 a. 463; 1997 a. 27 ss. 3026c, 4847 to 4859; Stats. 1997 s. 149.14; 1997 a. 237; 1999 a. 9, 165.

SECTION 2. 149.14 (5) (b) of the statutes is amended to read:

149.14 **(5)** (b) Except as provided in ~~par.~~ pars. (c) and (e), if the covered costs incurred by the eligible person exceed the deductible for major medical expense

coverage in a calendar year, the plan shall pay at least 80% of any additional covered costs incurred by the person during the calendar year.

History: 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 117, 146; 1983 a. 27; 1985 a. 29 s. 3202 (30); 1985 a. 332 s. 253; 1987 a. 27, 239; 1989 a. 332; 1991 a. 39, 269; 1995 a. 463; 1997 a. 27 ss. 3026c, 4847 to 4859; Stats. 1997 s. 149.14; 1997 a. 237; 1999 a. 9, 165.

SECTION 3. 149.14 (5) (c) of the statutes is amended to read:

149.14 **(5)** (c) ~~If~~ Except as provided in par. (e), if the aggregate of the covered costs not paid by the plan under par. (b) and the deductible exceeds $500 for an eligible person receiving medicare, $2,000 for any other eligible person during a calendar year or $4,000 for all eligible persons in a family, the plan shall pay 100% of all covered costs incurred by the eligible person during the calendar year after the payment ceilings under this paragraph are exceeded.

History: 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 117, 146; 1983 a. 27; 1985 a. 29 s. 3202 (30); 1985 a. 332 s. 253; 1987 a. 27, 239; 1989 a. 332; 1991 a. 39, 269; 1995 a. 463; 1997 a. 27 ss. 3026c, 4847 to 4859; Stats. 1997 s. 149.14; 1997 a. 237; 1999 a. 9, 165.

SECTION 4. 149.14 (5) (e) of the statutes is amended to read:

149.14 **(5)** (e) Subject to sub. (8) (b), the department may, by rule under s. 149.17 (4), establish ~~copayments~~ for prescription drug coverage under sub. (3) (d) copayment amounts, coinsurance rates, and copayment and coinsurance out–of–pocket limits over which the plan will pay 100% of covered costs under sub. (3) (d). Any copayment ~~amounts or rates~~ amount, coinsurance rate, or out–of–pocket limit established ~~are~~ under this paragraph is subject to the approval of the board. Copayments and coinsurance paid by an eligible person under this paragraph ~~shall~~ are separate from and do not count toward the deductible and covered costs not paid by the plan under pars. (a) to (c).

History: 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 117, 146; 1983 a. 27; 1985 a. 29 s. 3202 (30); 1985 a. 332 s. 253; 1987 a. 27, 239; 1989 a. 332; 1991 a. 39, 269; 1995 a. 463; 1997 a. 27 ss. 3026c, 4847 to 4859; Stats. 1997 s. 149.14; 1997 a. 237; 1999 a. 9, 165.

(END OF INSERT 2–12)

Kahler, Pam

From: Pederson, Russell
Sent: Monday, February 26, 2001 10:03 AM
To: Kahler, Pam
Subject: RE: LRB 2454/2 - Relating to HIRSP coinsurance

Yes, but this section relates to the Plan 1B - not the coverage/plans described in 149.14- it's a separate plan so if the exception is not noted here it will not apply to 1B. The new coinsurance for pharmacy must be created for each of the plans.

It is not unlike the other exception noted in the section relating to Premium Reductions. Alternatively, the exception for 1B could be made in 149.14.

>>> Kahler, Pam 02/26/01 09:50AM >>>
I don't think that it is necessary in light of the language that already says that the terms under s. 149.14 do not apply to the coverage under s. 149.146.

-----Original Message-----
From: Pederson, Russell
Sent: Monday, February 26, 2001 9:45 AM
To: Kahler, Pam
Subject: RE: LRB 2454/2 - Relating to HIRSP coinsurance

We would like Section 149.146 (2) (a) to include something like "Copayments and coinsurance for prescription drugs under 149.14 do not apply to the coverage offered under this section.

>>> Kahler, Pam 02/26/01 09:31AM >>>
I'm not sure what you mean by "current draft does not make that cross-reference." ays that "the terms of coverage under s. 149.14 .... do not apply to the coverage offered under this section." Sections 149.14 and 149.146 are separate.

-----Original Message-----
From: Pederson, Russell
Sent: Monday, February 26, 2001 9:02 AM
To: Kahler, Pam
Subject: LRB 2454/2 - Relating to HIRSP coinsurance

Pam,

Thanks for the draft. We believe one more minor change is needed.

The draft/summary needs to also make it clear that the new prescription drug coinsurance does not apply to the deductible for Plan 1B referenced in s. 149.146. (Plan 1B is the $2500 deductible plan.) Current draft does not make that cross reference. Sorry, we should have included this in our instructions...

Could you let me know when /3 is ready? We appreciate your help.

Russ

State of Wisconsin
2001 – 2002 LEGISLATURE

LRB–2454/2
PJK:kmg:kjf

2001 BILL

AN ACT *to amend* 149.14 (5) (title), 149.14 (5) (b), 149.14 (5) (c) and 149.14 (5) (e) of the statutes; **relating to:** copayments and coinsurance for prescription drugs under the health insurance risk–sharing plan and providing an exemption from emergency rule procedures.

Analysis by the Legislative Reference Bureau

The health insurance risk–sharing plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under medicare because they are disabled, persons who have tested positive for 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 is administered by the department of health and family services (DHFS), in conjunction with a plan administrator and a board of governors (board).

For covered services obtained in a calendar year, a person with coverage under HIRSP pays a deductible, and then pays coinsurance of 20% of covered costs that exceed the deductible amount. HIRSP pays 100% of covered costs incurred by the person during the remainder of the calendar year once the person has paid a specified amount in deductible and coinsurance (out–of–pocket limit). Current law authorizes DHFS to establish, by rule with the approval of the board, copayments for prescription drug coverage, and provides that those copayments count toward the

out–of–pocket limit that a person must pay before HIRSP will pay 100% of the person's covered costs.

This bill authorizes DHFS to establish for prescription drug coverage, in addition to copayments, coinsurance rates and copayment and coinsurance out–of–pocket limits over which HIRSP pays 100% of covered prescription drug costs. Any amount or rate must be approved by the board. In addition, the bill provides that amounts paid by a covered person in copayments and coinsurance for prescription drugs are separate from, and do not count toward, the deductible and coinsurance out–of–pocket limits that apply under current law to other covered costs.

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 (5) (title) of the statutes is amended to read:

149.14 **(5)** (title) DEDUCTIBLES, COPAYMENTS ~~AND~~, COINSURANCE, AND OUT–OF–POCKET LIMITS.

SECTION 2. 149.14 (5) (b) of the statutes is amended to read:

149.14 **(5)** (b) Except as provided in ~~par.~~ pars. (c) and (e), if the covered costs incurred by the eligible person exceed the deductible for major medical expense coverage in a calendar year, the plan shall pay at least 80% of any additional covered costs incurred by the person during the calendar year.

SECTION 3. 149.14 (5) (c) of the statutes is amended to read:

149.14 **(5)** (c) ~~If~~ Except as provided in par. (e), if the aggregate of the covered costs not paid by the plan under par. (b) and the deductible exceeds $500 for an eligible person receiving medicare, $2,000 for any other eligible person during a calendar year or $4,000 for all eligible persons in a family, the plan shall pay 100% of all covered costs incurred by the eligible person during the calendar year after the payment ceilings under this paragraph are exceeded.

SECTION 4. 149.14 (5) (e) of the statutes is amended to read:

149.14 **(5)** (e) Subject to sub. (8) (b), the department may, by rule under s. 149.17 (4), establish ~~copayments~~ for prescription drug coverage under sub. (3) (d) copayment amounts, coinsurance rates, and copayment and coinsurance out–of–pocket limits over which the plan will pay 100% of covered costs under sub. (3) (d). Any copayment ~~amounts or rates~~ amount, coinsurance rate, or out–of–pocket limit established ~~are~~ under this paragraph is subject to the approval of the board. Copayments and coinsurance paid by an eligible person under this paragraph ~~shall~~ are separate from and do not count toward the deductible and covered costs not paid by the plan under pars. (a) to (c).

SECTION 5. Nonstatutory provisions.

(1) RULES ON DRUG COPAYMENTS. The department of health and family services may use the procedure under section 227.24 of the statutes to promulgate rules authorized under section 149.14 (5) (e) of the statutes, as affected by this act. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the department is not required to provide evidence that promulgating a rule under this subsection as an emergency rule is necessary for the preservation of public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under this subsection.

(END)

Insert 3-10

(CS) AND COINSURANCE

Insert 3-19

, and section 149.146 (2) (am) 5. of the statutes, as created by this act

INSERT 3–10

SECTION 1. 149.146 (2) (am) 2. of the statutes is amended to read:

149.146 **(2)** (am) 2. Except as provided in ~~subd.~~ subds. 3. and 5., if the covered costs incurred by the eligible person exceed the deductible for major medical expense coverage in a calendar year, the plan shall pay at least 80% of any additional covered costs incurred by the person during the calendar year.

History: 1997 a. 27 ss. 4860c, 4860d; Stats. 1997 s. 149.146; 1997 a. 237; 1999 a. 9, 165.

SECTION 2. 149.146 (2) (am) 3. of the statutes is amended to read:

149.146 **(2)** (am) 3. ~~If~~ Except as provided in subd. 5., if the aggregate of the covered costs not paid by the plan under subd. 2. and the deductible exceeds $3,500 for any eligible person during a calendar year or $7,000 for all eligible persons in a family, the plan shall pay 100% of all covered costs incurred by the eligible person during the calendar year after the payment ceilings under this subdivision are exceeded.

History: 1997 a. 27 ss. 4860c, 4860d, Stats. 1997 s. 149.146; 1997 a. 237; 1999 a. 9, 165.

SECTION 3. 149.146 (2) (am) 5. of the statutes is created to read:

149.146 **(2)** (am) 5. Subject to s. 149.14 (8) (b), the department may, by rule under s. 149.17 (4), establish for prescription drug coverage under this section copayment amounts, coinsurance rates, and copayment and coinsurance out–of–pocket limits over which the plan will pay 100% of covered costs for prescription drugs. Any copayment amount, coinsurance rate, or out–of–pocket limit established under this subdivision is subject to the approval of the board. Copayments and coinsurance paid by an eligible person under this subdivision are

separate from and do not count toward the deductible and covered costs not paid by the plan under subds. 1. to 3.

(END OF INSERT 3–10)

INSERT 3–19

SECTION 4. Initial applicability.

(1) This act first applies to policies under the health insurance risk–sharing plan that are issued or renewed on the effective date of this subsection.

(END OF INSERT 3–19)

Barman, Mike

From: Barman, Mike
Sent: Tuesday, February 27, 2001 8:45 AM
To: Barbara VandenBergh; John Kiesow; Russell Pederson
Subject: LRB 01-2454/3

01-2454/3

Mike Barman

Mike Barman - Senior Program Asst. (PH. 608-266-3561)
(E-Mail: mike.barman@legis.state.wi.us) (FAX: 608-264-6948)

State of Wisconsin
Legislative Reference Bureau - Legal Section - Front Office
100 N. Hamilton Street - 5th Floor
Madison, WI 53703

Please jacket LRB-2454/3

as an Assembly Bill and

send to Rep. Albers —

(the request has been switched

from DHFS to Albers).

Thanks.

Pam