

**2001 DRAFTING REQUEST****Assembly Substitute Amendment (ASA-AB348)**Received: **02/08/2002**Received By: **kahlepj**Wanted: **Soon**

Identical to LRB:

For: **Gregg Underheim (608) 266-2254**By/Representing: **Sandy Lonergan**This file may be shown to any legislator: **NO**Drafter: **kahlepj**May Contact: **Dick Sweet**

Addl. Drafters:

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

Extra Copies:

Submit via email: **YES**Requester's email: **Rep.Underheim@legis.state.wi.us**

Carbon copy (CC:) to:

---

**Pre Topic:**

No specific pre topic given

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**Topic:**

Selection process for HIRSP administrator

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**Instructions:**

See Attached

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**Drafting History:**

| <u>Vers.</u> | <u>Drafted</u>        | <u>Reviewed</u>      | <u>Typed</u>           | <u>Proofed</u> | <u>Submitted</u>           | <u>Jacketed</u>            | <u>Required</u> |
|--------------|-----------------------|----------------------|------------------------|----------------|----------------------------|----------------------------|-----------------|
| /?           | kahlepj<br>02/08/2002 | hhagen<br>02/09/2002 |                        | _____          |                            |                            |                 |
| /1           |                       |                      | jfrantze<br>02/11/2002 | _____          | lrb_docadmin<br>02/11/2002 | lrb_docadmin<br>02/11/2002 |                 |

FE Sent For:

**<END>**

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|--------------|----------------|-------------------|--------------|------------------|------------------|-----------------|-----------------|
| 1?           | kahlepj        | 1/1 hmk<br>2/9/02 | [Signature]  | [Signature] / ch |                  |                 |                 |

FE Sent For:

<END>



State Representative

**GREGG UNDERHEIM**

Chair: Assembly Committee on Health

Chair: Assembly Select Committee on State & Local Finance

January 22, 2002

FACSIMILE COVER SHEET

Number of pages attached, including cover page 6

If all pages are not received or are illegible, please call -  
1 (888) 534-0054 or (608) 266-2254.

PLEASE DELIVER TO:

PAM KAHZER

**FAX NUMBER OF ADDRESSEE:** 264-6948

FROM: State Representative Gregg Underheim

We'll call you around/at

2 pm - Sandy

**Capitol:**  
P.O. Box 8953  
Madison, Wisconsin 53708-8953  
(608) 266-2254  
(608) 282-3654 Fax

Toll-Free (888) 534-0054  
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Rep.Underheim@legis.state.wi.us

**District:**  
1652 Beech Street  
Oshkosh, Wisconsin 54901  
(920) 233-1082

2001 - 2002 Legislature

- 2 -

S0322

AMENDMENTS OFFERED TO DHFS ASA TO AB 348

February 5, 2002

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

SECTION 1. 149.10 (8b) of the statutes is repealed.

SECTION 2. 149.15 (3) (g) of the statutes is amended to read:

149.15 (3) (g) Establish oversight committees to address various administrative issues, such as financial management of the plan, procurement of the plan administrator and plan administrator performance standards. A representative of the department may not be the chairperson of any committee established under this paragraph.

selection

SECTION 3. 149.16 (1) of the statutes is repealed.

SECTION 4. 149.16 (1m) of the statutes is created to read:

149.16 (1m) The plan administrator shall be selected by the department ~~in consultation with and~~ the board ~~together~~ through a competitive request for proposals process, ~~under~~ consistent with subchapter IV of Chapter 16. ~~The RFP will be issued no later than July 1, 2003. The department shall work with the board and with the committees of the board established under s. 149.15 (3) (g) to:~~

(a) ~~Develop and issue a request for proposals to be used to solicit contract proposals consistent with sub. (6), with an initial start work date under the first such contract that shall be not later than July 1, 2003.~~ → 4

(b) ~~Evaluate technical proposals and accompanying cost proposals submitted in response to the request for proposals.~~

(b) Request and evaluate best and final offers, and

(c) ~~Recommend to the board the selection of an administrator and approval by the board of the award of a contract, as provided under sub. (5).~~

2001 - 2002 Legislature

- 3 -

AMENDMENTS OFFERED TO DHFS ASA TO AB 348

February 5, 2002

*all overnight  
com? no -  
just selection  
committee*

SECTION 5. 149.16 (3m) of the statutes is created to read:

149.16 (3m) The plan administrator shall submit regular reports to the department and to the board ~~and to the committees of the board~~ regarding the operation of the plan. The frequency, content and form of the reports shall be as determined by the department and the board ~~and the committees of the board.~~

~~SECTION 6. 149.16 (5) of the statutes is repealed.~~

*keep (5) in current law*

SECTION 7 6 . 149.16 (6) of the statutes is created to read.

149.16 (6) Any contract awarded under this section shall have a term of 3 years, ~~beginning on July 1 and ending on June 30 of the 3rd year after the year in which the contract commences (not counting any time required for transition of the contract to a new administrator prior to start work under the contract, with the possibility of two one-year extensions. In addition, the department, with the concurrence of the board, may negotiate not more than two one-year extensions of a contract with a plan administrator approved under this section. The department shall obtain the approval of the board before implementing any extension of a contract with a plan administrator approved under this section.~~

?  
→

(END)

*allow to > 3 yr or one yr extension for purpose of transition*

*amend s 149.16 (4) so that it applies only if plan admin. is MA fiscal agent*

2001

Date (time) needed Mon by 8am

LRBs 0322 / 1

# SUBSTITUTE AMENDMENT [TO A BILL]

DJL : hmb :

Use the appropriate components and routines developed for substitute amendments.

## § (A) SUBSTITUTE AMENDMENT

TO 2001 ~~SB~~ (AB) 348 (~~TRB~~)

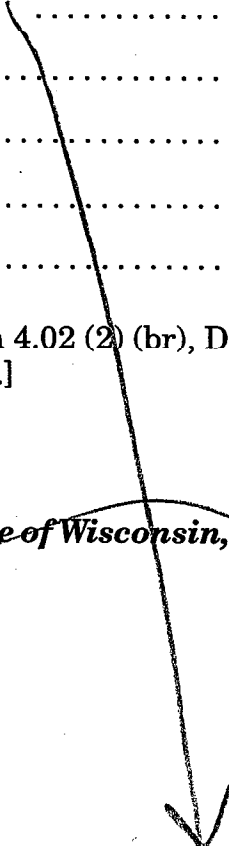
AN ACT . . . [generate catalog] *to repeal . . . ; to renumber . . . ; to consolidate and renumber . . . ; to renumber and amend . . . ; to consolidate, renumber and amend . . . ; to amend . . . ; to repeal and recreate . . . ; and to create . . .* of the statutes; relating to:

.....  
.....  
.....  
.....  
.....

[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

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

SECTION #.





## 2001 ASSEMBLY BILL 348

April 24, 2001 - Introduced by Representatives ALBERS, WADE, LOEFFELHOLZ, URBAN, GROTHMAN, NASS, HUBER, LASSA, LIPPERT and F. LASEE, cosponsored by Senators DARLING, COWLES, SCHULTZ, HARS DORF and LAZICH. Referred to Committee on Health.

1 AN ACT to repeal 149.10 (8b), 149.16 (1) and 149.16 (5); to amend 149.15 (3) (g);  
2 and to create 149.15 (3) (g) 2., 149.16 (1m), 149.16 (3m), 149.16 (6) and 149.162  
3 of the statutes; relating to a competitive bidding process for administration  
4 of the health insurance risk-sharing plan.

### *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 the human immunodeficiency virus, 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). Under current law, the plan administrator is the same fiscal agent with which DHFS contracts to administer the medical assistance program.

This bill eliminates the requirement that the plan administrator be the fiscal agent for the medical assistance program and provides for a competitive, request-for-proposals process for selecting the plan administrator. Under the bill, the board must establish an oversight committee to assist in the selection process. The committee must develop and recommend to the board the request for proposals,



**ASSEMBLY BILL 348**

which must specify and describe the work to be performed and the evaluation process and criteria that will be used in selecting the plan administrator. The bill lists the minimum specifications that the request for proposals must include. DHFS and the board must approve and prepare and issue the request for proposals that is actually used in the selection process. The committee must evaluate the proposals that are submitted in response to the request for proposals and may negotiate with, and request best and final offers from, up to three of the offerors that are the most likely to receive the contract for administration of HIRSP. After considering the recommendation of the committee on the selection of the plan administrator, DHFS and the board must award the contract for plan administration to the person that DHFS and the board determine offers the best combination of price and technical expertise. The administration contracts awarded under the process under the bill must have three-year terms running from July 1 to June 30, with the first contract under the new selection process beginning on July 1, 2002.

The bill provides that the plan administrator will be paid as provided in the contract for direct and indirect expenses that DHFS determines are incurred in the administration of HIRSP. The bill requires the plan administrator to submit regular reports on the operation of HIRSP to DHFS and the board. Since DHFS and the board select the plan administrator together in the process under the bill, the bill eliminates a provision in current law that requires DHFS to obtain the approval of the board before implementing any contract with the plan administrator.

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. 149.10 (8b) of the statutes is repealed. ←

*keep  
this*

2           SECTION 2. 149.15 (3) (g) of the statutes is amended to read:

3           149.15 (3) (g) 1. Establish oversight committees to address various  
4 administrative issues, such as financial management of the plan and plan  
5 administrator performance standards.

6           3. A representative of the department may not be the chairperson of any  
7 committee established under this paragraph.

8           SECTION 3. 149.15 (3) (g) 2. of the statutes is created to read:

ASSEMBLY BILL 348

Insert 3-1 →

1 149.15 (3) (g) 2. Establish one or more contract procurement oversight  
2 committees to do all of the following with respect to the plan administrator selection  
3 process under s. 149.162:

(4) ~~1. (a)~~ Develop and ~~submit to the board~~ <sup>issue a</sup> request for proposals to be used to  
(5) solicit contract proposals. ~~The board and the department must approve any request~~  
(6) ~~for proposals used~~

(7) ~~2. (a)~~ Evaluate ~~the~~ technical proposals and ~~the~~ accompanying cost proposals  
(8) submitted in response to <sup>the</sup> a request for proposals.

(9) ~~3. (a)~~ Request and evaluate best and final offers under s. 149.162 (3) and undertake  
(10) any related negotiations needed to obtain the most advantageous combination of  
(11) price and technical expertise.

(12) ~~4. (a)~~ ~~Repeal~~ <sup>Select</sup> the selection of a plan administrator and ~~the~~ award  
(13) of a contract for plan administration.

Insert 3-13

14 SECTION 4. 149.16 (1) of the statutes is repealed.

15 SECTION 5. 149.16 (1m) of the statutes is created to read:

16 149.16 (1m) The plan administrator shall be selected by the department and  
17 the board together in the manner provided in s. 149.162 in a competitive,  
18 request-for-proposals process.

subject to sub. (5),

19 SECTION 6. 149.16 (3m) of the statutes is created to read:

20 149.16 (3m) The plan administrator shall submit regular reports to the  
(21) department ~~and~~ <sup>and</sup> the board regarding the operation of the plan. The frequency,  
(22) content, and form of the reports shall be determined by the department ~~and~~ <sup>and</sup> the  
(23) board, <sup>and the plan administrator selection committee</sup>

Insert 3-25

24 SECTION 7. 149.16 (5) of the statutes is repealed.

25 SECTION 8. 149.16 (6) of the statutes is created to read:

, and the plan administrator selection committee established under s. 149.15 (3)(g)

**2001-2002 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBs0322/?ins  
PJK:.....

**INSERT 3-1**

1           **SECTION 1.** 149.15 (3) (g) of the statutes is amended to read:

2           149.15 (3) (g)   Establish oversight committees to address various  
3 administrative issues, such as financial management of the plan and, selection of the  
4 plan administrator, and plan administrator performance standards. A  
5 representative of the department may not be the chairperson of any committee  
6 established under this paragraph.

7 History: 1979 c. 313; 1981 c. 83; 1987 a. 186, 399; 1991 a. 269; 1997 a. 27 ss. 3027m, 3027r, 4861 to 4878; Stats. 1997 s. 149.15; 1999 a. 9; 2001 a. 16.

7           **SECTION 2.** 149.16 (1) of the statutes is repealed.

8           **SECTION 3.** 149.16 (1m) of the statutes is created to read:

9           149.16 (1m) (a) The plan administrator shall be selected by the department  
10 and the board together in a competitive, request-for-proposals process. The  
11 department shall work with the board and the plan administrator selection  
12 committee established under s. 149.15 (3) (g) to do all of the following:

(END OF INSERT 3-1)

**INSERT 3-13**

13           (b) 1. Any contract awarded under this subsection shall have a term of 3 years,  
14 beginning on July 1 and ending on June 30 of the 3rd year beginning after the year  
15 in which the contract commences. The start work date of the initial contract awarded  
16 under this subsection may not be later than July 1, 2004.

17           2. Notwithstanding subd. 1, the department, with the concurrence of the board,  
18 may negotiate not more than 2 one-year extensions of a contract described under  
19 subd. 1.

1           3. Notwithstanding subds. 1. and 2., a contract awarded under this subsection  
2           may be extended beyond its 3-year term or a one-year extension in order to facilitate  
3           the transition to administration of the plan by a succeeding plan administrator.

(END OF INSERT 3-13)

INSERT 3-25

4           **SECTION 4.** 149.16 (4) of the statutes is amended to read:

5           149.16 (4) ~~The~~ <sup>✓</sup> If the plan administrator selected under sub. (1m) is the fiscal  
6           agent under s. 49.45 (2) (b) 2., <sup>✓</sup> ~~the~~ plan administrator shall account for costs related  
7           to the plan separately from costs related to medical assistance ~~under subch. IV of ch.~~  
8           49.

History: 1997 a. 27 ss. 3030, 3031, 4882 to 4884c, 4886; 1999 a. 9.

9           **SECTION 5.** 149.16 (5) of the statutes is amended to read:

10           149.16 (5) <sup>✓</sup> The department shall obtain the approval of the board before  
11           implementing any contract <sup>✓</sup> with the plan administrator, including any extension of  
12           a contract under sub. (1m) (b) 2.

History: 1997 a. 27 ss. 3030, 3031, 4882 to 4884c, 4886; 1999 a. 9.

(END)

(END OF INSERT 3-25)