

**2001 ASSEMBLY BILL 543**

October 8, 2001 – Introduced by Representatives SERATTI, BIES, AINSWORTH, ALBERS, BALOW, BERCEAU, BLACK, BOCK, BOYLE, CARPENTER, COLON, FRISKE, GRONEMUS, GUNDERSON, HEBL, HUBER, HUBLER, HUNDERTMARK, JOHNSRUD, KESTELL, KREIBICH, KREUSER, LA FAVE, LASSA, LOEFFELHOLZ, MCCORMICK, D. MEYER, MEYERHOFER, MILLER, MUSSER, OTT, OWENS, PETROWSKI, PETTIS, PLALE, PLOUFF, REYNOLDS, RICHARDS, RYBA, SCHOOFF, SHERMAN, SINICKI, STEINBRINK, STONE, SYKORA, TOWNSEND, URBAN, WASSERMAN, YOUNG and POCAN, cosponsored by Senators WIRCH, ROSENZWEIG, BURKE, ROESSLER, ERPENBACH, SCHULTZ and PLACHE. Referred to Committee on Small Business and Consumer Affairs.

1     **AN ACT** *to amend* 20.515 (2) (g) and 635.05 (1); and *to create* 40.98 (6r) of the  
 2             statutes; **relating to:** a loan from the general fund for the private employer  
 3             health care coverage program, small employer health insurance rates,  
 4             providing an exemption from emergency rule procedures, and making an  
 5             appropriation.

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

Under current law, the department of employee trust funds (DETF) is required to design an actuarially sound health care coverage program for employers in the private sector. Under the program, DETF must solicit bids and enter into a contract with an administrator to administer the program; if DETF is unable to contract with an administrator, DETF must itself administer the program. Under current law, health care coverage under the program was to begin on January 1, 2001; however, as of that date, DETF was unable to enter into a contract with an administrator to administer the program.

Under current law, the rates that insurers may charge for health insurance provided to employers that have between two and fifty employees (small employers) are regulated to the extent that rates charged to small employers with similar case characteristics for the same or similar benefits may not vary from the midpoint rate for those small employers by more than 35% of the midpoint rate. Case characteristics include such characteristics of a small employer's employees as age, sex, and geographic location, but do not include health status, occupation, or claim experience.

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This bill reduces the amount by which rates charged to small employers with similar case characteristics for the same or similar benefits may vary from the midpoint rate to 15% of the midpoint rate. Because the private employer health care coverage program designed by DETF is subject to any applicable insurance provisions, the requirements in the bill with respect to rates charged to small employers for health insurance will apply to rates charged to small employers participating in that program.

In addition, the bill appropriates \$850,000 to DETF for the private employer health care coverage program operating costs and requires DETF to repay the general fund any portion of the \$850,000 amount that it encumbers during the 2001–03 fiscal biennium. Under the bill, DETF is to repay the general fund from moneys received from employers who elect to participate in the private employer health care coverage program.

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.** 20.515 (2) (g) of the statutes is amended to read:

2           20.515 **(2)** (g) *Private employer health care coverage plan.* All moneys received  
3 under subch. X of ch. 40 from employers who elect to participate in the private  
4 employer health care coverage program under subch. X of ch. 40, for the costs of  
5 designing, marketing and contracting for or providing administrative services for  
6 the program and for lapsing to the general fund the amounts required under s. 40.98  
7 (6r).

8           **SECTION 2.** 40.98 (6r) of the statutes is created to read:

9           40.98 **(6r)** The secretary of administration shall lapse from the appropriation  
10 account under s. 20.515 (2) (g) to the general fund an amount equal to the amount  
11 encumbered from the appropriation under s. 20.515 (2) (a) during the 2001–03 fiscal  
12 biennium that exceeds \$211,100 when the secretary of administration, after  
13 consulting with the board, determines that funds in the appropriation account under

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1 s. 20.515 (2) (g) are sufficient to make the lapse. The secretary of administration may  
2 lapse the amounts in installments.

3 **SECTION 3.** 635.05 (1) of the statutes is amended to read:

4 635.05 (1) Establishing restrictions on premium rates that a small employer  
5 insurer may charge a small employer such that the premium rates charged to small  
6 employers with similar case characteristics for the same or similar benefit design  
7 characteristics do not vary from the midpoint rate for those small employers by more  
8 than ~~35%~~ 15% of that midpoint rate.

9 **SECTION 4. Nonstatutory provisions.**

10 (1) RULES RELATED TO SMALL EMPLOYER HEALTH INSURANCE RATES. Using the  
11 procedure under section 227.24 of the statutes, the commissioner of insurance may  
12 promulgate the rules required under section 635.05 (1) of the statutes, as affected by  
13 this act, for the period before the effective date of the permanent rules required under  
14 section 635.05 (1) of the statutes, as affected by this act, but not to exceed the period  
15 authorized under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding  
16 section 227.24 (1) (a), (2) (b), and (3) of the statutes, the commissioner is not required  
17 to provide evidence that promulgating a rule under this subsection as an emergency  
18 rule is necessary for the preservation of public peace, health, safety, or welfare and  
19 is not required to provide a finding of emergency for a rule promulgated under this  
20 subsection.

21 **SECTION 5. Appropriation changes.**

22 (1) In the schedule under section 20.005 (3) of the statutes for the appropriation  
23 to the department of administration under section 20.515 (2) (a) of the statutes, as  
24 affected by the acts of 2001, the dollar amount is increased by \$850,000 for fiscal year  
25 2001–02 to fulfill the purpose for which the appropriation is made.

