

2001 DRAFTING REQUEST

Bill

Received: 09/06/2001

Received By: kahlepj

Wanted: As time permits

Identical to LRB:

For: Lorraine Seratti (608) 266-3780

By/Representing: Tim

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Addl. Drafters: champra

Subject: Insurance - health
Employ Priv - miscellaneous

Extra Copies:

Submit via email: NO

Pre Topic:

No specific pre topic given

Topic:

Small employer insurance rates and state life insurance fund loan for the private employer health insurance

Instructions:

See Attached

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 09/07/2001	wjackson 09/21/2001					State
/1			pgreensl 09/21/2001		lrb_docadmin 09/21/2001	lrb_docadmin 10/01/2001	

FE Sent For:

<END>

→ At Intro.

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1?	kahlepj	1/1 W/LJ 9/21	9/21 pg	9/21 pg 1/15			

FE Sent For:

<END>

Tim Fiochi - Rep. Seratti 6-3780
for private employee health care cov. plan:

① provide loan from general fund
(same amount \rightarrow \$850,000)

repay loan w/ fees, ~~7~~ 7 years to

repay, forgive any portion
not repaid in that time

for small employer health insurance:

② change rate variation to 15%
from midpoint

(is 35% in stats - was changed
to 10% in budget but was
vetoed)



Scan

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

D-note

gen cat

1 AN ACT \int ; relating to: a loan from the general fund for the private employer
 2 health care coverage program, small employer health insurance rates,
 3 providing an exemption from emergency rule procedures, and making an
 4 appropriation.

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.

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.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

Insert
Analysis

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

Insert
1-1

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

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

History: 1991 a. 39, 250.

SECTION 2. Nonstatutory provisions.

(1) RULES RELATED TO SMALL EMPLOYER HEALTH INSURANCE RATES. Using the procedure under section 227.24 of the statutes, the commissioner of insurance may promulgate the rules required under section 635.05 (1) of the statutes, as affected by this act, for the period before the effective date of the permanent rules required under section 635.05 (1) of the statutes, as affected by this act, but not to exceed the period authorized under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the commissioner 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.

auto ref A

A.R. (AAZ)

INSERT 1-18 →

auto ref A

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SECTION 3. Initial applicability.

(1) SMALL EMPLOYER HEALTH INSURANCE RATES. The treatment of section 635.05
(1) of the statutes and SECTION X (1) of this act first apply to rates charged under
policies or plans issued or renewed to small employers on September 1, 2002.

A.R. (AA)

SECTION 4. Effective dates. This act takes effect on the day after publication,
except as follows:

(1) SMALL EMPLOYER HEALTH INSURANCE RATES. The treatment of section 635.05
(1) of the statutes takes effect on September 1, 2002.

(END)

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3730/lrcins
RAC:.....

Insert Analysis:

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.

Insert 1-1:

SECTION ~~2~~¹. 20.515 (2) (g)[✓] of the statutes is amended to read:

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

SECTION ~~2~~¹. 40.98 (6r)[✓] of the statutes is created to read:

40.98 (6r) The secretary of administration shall lapse from the appropriation account under s. 20.515 (2) (g)[✓] to the general fund an amount equal to the amount encumbered from the appropriation under s. 20.515 (2) (a)[✓] during the 2001-03 fiscal biennium that exceeds \$211,100 when the secretary of administration, after consulting with the board, determines that funds in the appropriation account under s. 20.515 (2) (g) are sufficient to make the lapse. The secretary of administration may lapse the amounts in installments.

SECTION ~~3~~¹. **Appropriation changes.**

(1) In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of administration under section 20.515 (2) (a)[✓] of the statutes, as

INSERT
1-18

affected by the acts of 2001, the dollar amount is increased by \$850,000 for fiscal year 2001-02 to fulfill the purpose for which the appropriation is made.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3730/dn

PJK:/.....

WJ

Because the small employer health insurance rate changes in the budget will take effect on September 1, 2002, I made the rate change in this draft effective on the same date (Sept. 1, 2002) rather than a year from the date of this bill's passage. Okay?

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

If I provided that the secretary of administration, after consulting with the private employer health ~~care~~ care coverage board, is to determine the timing of the payback for the general fund loans. Is this consistent with your intent?

RAC

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3730/1dn
PJK&RAC:wlj:pg

September 21, 2001

Because the small employer health insurance rate changes in the budget will take effect on September 1, 2002, I made the rate change in this draft effective on the same date (Sept. 1, 2002) rather than a year from the date of this bill's passage. Okay?

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

I provided that the secretary of administration, after consulting with the private employer health care coverage board, is to determine the timing of the payback for the general fund loan. Is this consistent with your intent?

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
5TH FLOOR
MADISON, WI 53701-2037

STEPHEN R. MILLER
CHIEF

LEGAL SECTION: (608) 266-3561
LEGAL FAX: (608) 264-6948

September 21, 2001

MEMORANDUM

To: Representative Seratti

From: Pamela J. Kahler, Senior Legislative Attorney

Re: LRB-3730/1 Small employer insurance rates and state life insurance fund loan for the private employer health insurance

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

JACKET FOR ASSEMBLY JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-2682 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.