

**2001 Jr2 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-AB1)**

Received: 03/11/2002

Received By: kahlepj

Wanted: Soon

Identical to LRB:

For: Legislative Fiscal Bureau

By/Representing: Jakel (CM)

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Addl. Drafters:

Subject: Insurance - health

Extra Copies:  e-mail to Faith Russell and Rob Reinhardt at LFB

Submit via email: NO

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**Pre Topic:**

LFB:.....Jakel (CM) -

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**Topic:**

Small business health insurance reform

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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 03/12/2002	csicilia 03/13/2002		_____			
/1			pgreensl 03/13/2002	_____	lrb_docadmin 03/13/2002		
/2	kahlepj 03/13/2002 shoveme 03/13/2002	gilfokm 03/13/2002	kfollet 03/13/2002	_____	lrb_docadmin 03/13/2002		

FE Sent For:

**<END>**

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Submit via email:  NO PA: please send e-mails to Faith Russell and Rob Reinhardt also (both at fiscal bureau)

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/?	kahlepj 03/12/2002	csicilia 03/13/2002					
/1	12 ME's 3/13/2002	3/13	pgreensl 03/13/2002		lrb_docadmin 03/13/2002		
FE Sent For:			KJ 3/13	KJ/ES 3/13 <END>			

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1/?	kahlepj	1 yjs 3/12 02	3/12 px	3/13 P8/cmh			

FE Sent For:

<END>

62413

HEALTH AND FAMILY SERVICES AND INSURANCE

Small Business Health Insurance Reform

**Motion:**

Incorporate provisions of Assembly Bill 876, as amended by the Assembly, except eliminate the provisions relating to the small employer catastrophic care pilot program. In addition, include the following provisions: (a) request the Legislative Council to conduct a study of the rising costs of health insurance; and (b) update state statutes with regard to medical savings accounts to reflect current federal law and require any future changes to federal medical savings account statutes to automatically be adopted into Wisconsin state statutes.

## Kahler, Pam

---

**From:** Jakel, Carri  
**Sent:** Saturday, March 09, 2002 1:48 PM  
**To:** Kahler, Pam  
**Subject:** RE: This weekend

Here is the motion that was passed on ab 876. As I indicated in my message, they also want to exempt 3.5 GPR positions under 20.515(2)(a) from the hiring freeze - not sure how we do this since the hiring freeze is not statutory.....



cj arc health insur  
reform.doc...

Thanks

-----Original Message-----

**From:** Kahler, Pam  
**Sent:** Friday, March 08, 2002 3:56 PM  
**To:** Jakel, Carri  
**Subject:** This weekend

Carri:

If you have any instructions for me over the weekend on the Jt Finance sub, please leave me a message at 266-2682. I will be checking my voice mail. Thanks.

Pam

## ASSEMBLY BILL 876 (LRB-4956)

An Act to renumber and amend 40.51 (6); to amend 20.145 (1) (g), 20.515 (2) (g), 149.12 (1) (intro.), 149.14 (6) (a) and 632.835 (2) (b); and to create 15.735, 16.735, 20.145 (1) (j), 20.145 (1) (q), 25.17 (1) (pd), 25.57, 40.51 (6) (b), 40.98 (2) (h), 40.98 (6m), 149.12 (4), 149.14 (6) (c), 601.34, 632.835 (2) (bg), 635.25 and 635.30 of the statutes; relating to: a loan from the general fund for the private employer health care coverage program, requiring the group insurance board to offer an additional health insurance plan for state employees, creating a small employer catastrophic reinsurance board, creating a small employer catastrophic care board, creating a small employer catastrophic care program fund, requiring small employer insurers to specify threshold levels of covered benefits and reimbursing small employer insurers that pay benefits in excess of the threshold, imposing an additional premium on small employer insurance to pay reimbursements to small employer insurers, creating a pilot program for reimbursing small employer insurers for claims costs for certain employees of small employers, authorizing assistance in negotiating prescription drug rebates and reducing prescription drug charges, providing notice of the right to independent review, requiring reports, providing exemptions from emergency rule procedures, granting rule-making authority, and making appropriations.

(FE)

2002

03-04.	A.	Introduced by Representatives Seratti, Underheim, Montgomery, Rhoades, Urban, Ainsworth, Bies, J. Fitzgerald, Friske, Gronemus, Gunderson, Hahn, Hundertmark, Johnsrud, Kestell, Krawczyk, Ladwig, La Fave, J. Lehman, Lippert, McCormick, D. Meyer, Musser, Olsen, Petrowski, Pettis, Starzyk, Sykora, Townsend, Vrakas and Albers; cosponsored by Senators Plache, Darling, Harsdorf and Roessler.	
03-04.	A.	Read first time and referred to committee on Health	715
03-04.	A.	Assembly amendment 1 offered by Representative Schooff (LRB a1409)	714
03-04.	A.	LRB correction	721
03-04.	A.	Fiscal estimate received	
03-04.	A.	Public hearing held	
03-04.	A.	Executive action taken	
03-04.	A.	Assembly amendment 1 to Assembly amendment 1 offered by committee on Health (LRB a1423)	714
03-04.	A.	Assembly amendment 2 offered by committee on Health (LRB a1424)	714
03-04.	A.	Assembly amendment 3 offered by committee on Health (LRB a1425)	714
03-04.	A.	Assembly amendment 4 offered by committee on Health (LRB a1427)	714
03-04.	A.	Assembly amendment 5 offered by committee on Health (LRB a1415)	714
03-04.	A.	Report Assembly amendment 1 to Assembly amendment 1 adoption recommended by committee on Health, Ayes 17, Noes 0	718
03-04.	A.	Report Assembly amendment 1 adoption recommended by committee on Health, Ayes 17, Noes 0	718
03-04.	A.	Report Assembly amendment 2 adoption recommended by committee on Health, Ayes 14, Noes 3	718
03-04.	A.	Report Assembly amendment 3 adoption recommended by committee on Health, Ayes 14, Noes 3	718
03-04.	A.	Report Assembly amendment 4 adoption recommended by committee on Health, Ayes 12, Noes 5	718
03-04.	A.	Report passage as amended recommended by committee on Health, Ayes 12, Noes 5	718

03-04.	A. Referred to committee on Rules	719
03-04.	A. Placed on calendar 3-6-2002 by committee on Rules	
03-05.	A. Fiscal estimate received	
03-05.	A. Fiscal estimate received	
03-05.	A. Fiscal estimate received	
03-05.	A. LRB correction	725
03-07.	A. Read a second time	752
03-07.	A. Assembly substitute amendment 1 offered by Representative Wasserman (LRB s0351)	752
03-07.	A. Assembly substitute amendment 1 withdrawn and returned to author	752
03-07.	A. Assembly amendment 1 to Assembly amendment 1 adopted	752
03-07.	A. Assembly amendment 2 to Assembly amendment 1 offered by Representatives Schooff and Seratti (LRB a1493)	752
03-07.	A. Assembly amendment 2 to Assembly amendment 1 adopted	752
03-07.	A. Assembly amendment 1 adopted	752
03-07.	A. Assembly amendment 2 placed after Assembly amendment 11	752
03-07.	A. Assembly amendment 3 adopted	752
03-07.	A. Assembly amendment 1 to Assembly amendment 4 offered by Representative Wasserman (LRB a1455)	752
03-07.	A. Assembly amendment 1 to Assembly amendment 4 laid on table, Ayes 57, Noes 42	752
03-07.	A. Assembly amendment 4 adopted	753
03-07.	A. Assembly amendment 6 offered by Representatives Seratti and Underheim (LRB a1440)	753
03-07.	A. Assembly amendment 6 adopted	753
03-07.	A. Assembly amendment 7 offered by Representative Miller (LRB a1503)	753
03-07.	A. Assembly amendment 7 placed after Assembly amendment 10	753
03-07.	A. Assembly amendment 8 offered by Representative Miller (LRB a1507)	753
03-07.	A. Assembly amendment 8 laid on table, Ayes 65, Noes 34	753
03-07.	A. Assembly amendment 9 offered by Representative Miller (LRB a1506)	753
03-07.	A. Point of order that Assembly amendment 9 not germane well taken	753
03-07.	A. Assembly amendment 10 offered by Representative Miller (LRB a1524)	753
03-07.	A. Assembly amendment 10 adopted	753
03-07.	A. Assembly amendment 7 withdrawn and returned to author	753
03-07.	A. Assembly amendment 11 offered by Representatives Underheim and Seratti (LRB a1514)	753
03-07.	A. Assembly amendment 11 adopted	753
03-07.	A. Assembly amendment 2 laid on table	753
03-07.	A. Assembly amendment 12 offered by Representative Underheim (LRB a1512)	753
03-07.	A. Assembly amendment 12 adopted	753
03-07.	A. Assembly amendment 13 offered by Representative Underheim (LRB a1513)	753
03-07.	A. Assembly amendment 13 adopted	753
03-07.	A. Assembly amendment 14 offered by Representative Miller (LRB a1525)	753
03-07.	A. Assembly amendment 14 laid on table, Ayes 61, Noes 38	753
03-07.	A. Ordered to a third reading	754
03-07.	A. Rules suspended	754
03-07.	A. Read a third time and passed	754
03-07.	A. Ordered immediately messaged	754
03-08.	S. Received from Assembly	628
03-08.	S. Read first time and referred to committee on Health,	



21340578.txt  
Utilities, Veterans and Military Affairs ..... 632

2001

Date (time) needed \_\_\_\_\_

LRB b 2413 / 1

**ARC CAUCUS BUDGET AMENDMENT  
[ONLY FOR CAUCUS]**

*gjs*

*JK, PAC, DAK, MES, JK*

See form **AMENDMENTS — COMPONENTS & ITEMS.**

**January 2002 SPECIAL SESSION CAUCUS AMENDMENT  
TO ASSEMBLY SUBSTITUTE AMENDMENT 1  
TO 2001 ASSEMBLY BILL 1**

>>FOR CAUCUS SUPERAMENDMENT — NOT FOR INTRODUCTION<<

At the locations indicated, amend the substitute amendment as follows:

#. Page *10*., line *8*.: *after that line insert:*

- #. Page ....., line .....
- #. Page ....., line .....
- #. Page ....., line .....
- #. Page ....., line .....
- #. Page ....., line .....

**ASSEMBLY BILL 876**

labelers rebate agreements or to develop in-state or multistate purchasing groups to negotiate reduced charges for prescription drugs that are produced by the manufacturers or repackaged by the labelers and sold for prescribed use. Under the bill, DOA must submit a report by January 1, 2003, that identifies: 1) the participation by health care providers, insurers, and self-insurers in negotiating rebate agreements and developing in-state or multistate purchasing groups, and 2) strategies that DOA proposes to pursue to reduce costs for prescription drugs. DOA also must submit a report by January 1, 2005, that specifies the status, including success or lack of success, in assisting health care providers, insurers, or self-insurers to negotiate rebate agreements or reduce charges for prescription drugs. Both reports must be submitted to appropriate standing committees of the legislature, to the joint committee on finance, and to the governor.

***Notice of independent review***

Under current law, an insured under a health benefit plan has the right to obtain, from an independent review organization certified by the commissioner of insurance, an independent review of certain denials of coverage, (adverse determinations and experimental treatment determinations). Whenever an adverse determination or experimental treatment determination is made, the insurer is required to provide notice to the insured of his or her right to obtain an independent review, of how to request the review, and of the time within which the review must be requested and is required to provide a current listing of certified independent review organizations.

This bill provides that an insurer is not required to provide the notice about the independent review procedure to an insured who uses the insurer's internal grievance procedure until the insurer sends notice of the disposition of the internal grievance if the health benefit plan issued by the insurer contains a description of the procedure, including a description of the insured's right to obtain an independent review, how to request the review, the time within which the review must be requested, and how to obtain a current listing of certified independent review organizations. In addition, the insurer must provide on its explanation of benefits form a reference to the section of the policy or certificate that contains the description. (An insurer sends its explanation of benefits form to an insured after the insured has received health care services to provide information about the extent to which the insurance covered the services.)

For further information see the *state* fiscal an appendix to this bill.

*The people of the state of Wisconsin, represent  
enact as follows:*

1

SECTION 15.735 of the statutes is created

→ 14j

ATTN LPS:  
the green numbers  
show the order the  
pages go in

1

1           **15.735 Same; attached boards.** (1) SMALL EMPLOYER CATASTROPHIC  
2 REINSURANCE BOARD. (a) There is created a small employer catastrophic reinsurance  
3 board that is attached to the office of the commissioner of insurance under s. 15.03.  
4 The board shall consist of the commissioner of insurance and the following members:

5           1. Two members who represent small employers, as defined in s. 635.02 (7), and  
6 who are selected from a list of nominees submitted by the National Federation of  
7 ~~Independent Business and Wisconsin Independent Businesses, Inc~~

8           2. ~~Four members who represent small employer insurers, as defined in s.~~  
9 ~~635.02 (8), 2 of whom are selected from a list of nominees submitted by the Wisconsin~~  
10 ~~Association of Life and Health Insurers, Inc., and 2 of whom are selected from a list~~  
11 ~~of nominees submitted by the Wisconsin Association of Health Plans.~~

12           3. One member who is a physician, as defined in s. 448.01 (5), and who is  
13 selected from a list of nominees submitted by the State Medical Society of Wisconsin.

14           4. One member who represents hospitals and who is selected from a list of  
15 nominees submitted by the Wisconsin Health and Hospital Association.

Insert 6-15

16           (b) The members under par. (a) 1. to <sup>5</sup> shall be appointed for 3-year terms. Any  
17 such member may be removed by the governor for just cause. ←

18           **(2) SMALL EMPLOYER CATASTROPHIC CARE BOARD.** (a) There is created a small  
19 employer catastrophic care board that is attached to the office of the commissioner  
20 of insurance under s. 15.03. The board shall consist of the commissioner of insurance  
21 and the following members:

22           1. Four members who are small employers, as defined in s. 635.02 (7).

23           2. Four members who are small employer insurers, as defined in s. 635.02 (8).

24           3. Two members who represent the medical professions, at least one of whom  
25 is a physician, as defined in s. 448.01 (5).



# Page 11, line 9: after that line insert:

ASSEMBLY BILL 876

SECTION 1

21e

1 (b) The members under par. (a) 1. to 3. shall be appointed for 3-year terms. Any  
2 such member may be removed by the governor for just cause.

3 → " SECTION 16.735 of the statutes is created to read:

4 16.735 Negotiations for purchase of prescription drugs; rebates. (1)

5 In this section:

6 (a) "Health care provider" has the meaning given in s. 146.81 (1).

7 (b) "Insurer" has the meaning given in s. 632.745 (15).

8 (c) "Labeler" means a person that receives prescription drugs from a  
9 manufacturer or wholesaler, repackages the prescription drugs for later retail sale,  
10 and has a labeler code issued by the federal food and drug administration under 21  
11 CFR 207.20 (b).

12 (d) "Manufacturer" means a manufacturer of prescription drugs and includes  
13 a subsidiary or affiliate of the manufacturer.

14 (e) "Pharmacist" has the meaning given in s. 450.01 (15).

15 (f) "Prescription drug" has the meaning given in s. 450.01 (20).

16 (g) "Self-insurer" means an employer or labor organization acting solely or  
17 acting jointly with a labor organization or an employer to provide employee health  
18 care benefits on a self-insured basis.

19 (2) The department or an entity with which the department contracts may do  
20 all of the following:

21 (a) Assist a health care provider, insurer, or self-insurer that acts in this state  
22 or that seeks to act in conjunction with associations of health care providers,  
23 insurers, or self-insurers in states other than this state to negotiate rebate  
24 agreements with manufacturers or labelers for prescription drugs that are produced  
25 by the manufacturers or repackaged by the labelers and are sold for prescribed use.

3

ASSEMBLY BILL 876

SECTION 2

1 (b) Assist a health care provider, insurer, or self-insurer to develop an in-state  
 2 purchasing group or, in conjunction with associations of health care providers,  
 3 insurers, or self-insurers in states other than this state, a multistate purchasing  
 4 group, for the direct negotiation with prescription drug manufacturers and labelers  
 5 of reduced charges for prescription drugs that are produced by the manufacturers or  
 6 repackaged by the labelers and are sold for prescribed use. ) . ←

#. Page 13, line 13: after that line insert:

7 SECTION 3. 20.145 (1) (g) of the statutes, as affected by 2001 Wisconsin Act 16,  
 8 is amended to read:  
 9 20.145 (1) (g) *General program operations.* The amounts in the schedule for  
 10 general program operations and to transfer to the small employer catastrophic care  
 11 program fund \$500,000 annually, by no later than January 30, beginning in 2003 and  
 12 ending in 2007. Ninety percent of all moneys received under ss. 601.31, 601.32,  
 13 601.42 (7), 601.45, and 601.47 and by the commissioner for expenses related to  
 14 insurance company restructurings, except for restructurings specified in par. (h),  
 15 shall be credited to this appropriation account.

16 "SECTION 4. 20.145 (1) (j) of the statutes is created to read: → 30c  
 17 20.145 (1) (j) *Small employer insurer catastrophic reimbursements.* All moneys  
 18 received under s. 635.25 (3) (b), to reimburse small employer insurers as provided in  
 19 s. 635.25 (2) (c). "

20 SECTION 5. 20.145 (1) (q) of the statutes is created to read:  
 21 20.145 (1) (q) *Small employer catastrophic care program reimbursements.*  
 22 From the small employer catastrophic care program fund, a sum sufficient for  
 23 reimbursing claims costs under s. 635.30 (6) (c).

24 "SECTION 6. 20.515 (2) (g) of the statutes is amended to read: → 52 im

#. Page 19, line 20: after that line insert:

4

ASSEMBLY BILL 876

1 20.515 (2) (g) *Private employer health care coverage plan*. All moneys received  
2 under subch. X of ch. 40 from employers who elect to participate in the private  
3 employer health care coverage program under subch. X of ch. 40 and from any other  
4 person under s. 40.98 (2) (h), for the costs of designing, marketing, and contracting  
5 for or providing administrative services for the program and for lapsing to the  
6 general fund the amounts required under s. 40.98 (6m). " ← ✓

7 SECTION 7. 25.17 (1) (pd) of the statutes is created to read:

8 ~~25.17 (1) (pd) Small employer catastrophic care program fund (s. 25.57);~~

9 SECTION 8. ~~25.57~~ of the statutes is created to read:

10 **25.57 Small employer catastrophic care program fund.** There is  
11 established a separate nonlapsible trust fund designated as the small employer  
12 catastrophic care program fund, to consist of:

13 (1) The moneys transferred under s. 20.145 (1) (g).

14 (2) Insurer assessments established under s. 635.30 (3) (a) 2.

15 (3) Provider assessments established under s. 635.30 (3) (a) 3.

16 (4) Premiums established under s. 635.30 (3) (a) 4.

17 "SECTION ~~8~~. 40.51 (6) of the statutes is renumbered 40.51 (6) (a) and amended  
18 to read:

19 40.51 (6) (a) ~~This~~ Except as provided in par. (b), the state shall offer to all of  
20 its employees at least 2 insured or uninsured health care coverage plans providing  
21 substantially equivalent hospital and medical benefits, including a health  
22 maintenance organization or a preferred provider plan, if those health care plans are  
23 determined by the group insurance board to be available in the area of the place of  
24 employment and are approved by the group insurance board.

25 SECTION ~~10~~. 40.51 (6) (b) of the statutes is created to read:

#. Page 32, line 23: after that line insert:

5

ASSEMBLY BILL 876

SECTION 10

1 40.51 (6) (b) Notwithstanding s. 40.03 (6) (c), in addition to the health care  
2 coverage plans offered under par. (a), the state shall also offer to all of its employees  
3 a defined contribution plan that permits employees to choose the level of premiums,  
4 deductibles, and co-payments and to select the hospital and medical benefits offered  
5 under the plan, but only if the group insurance board determines that such a defined  
6 contribution plan is available in the area of the place of employment and approves  
7 the plan.

8 ~~SECTION 40.98~~ <sup>100ic</sup> (2) (h) of the statutes is created to read:

9 40.98 (2) (h) The department may seek funding from any person for the  
10 payment of costs of designing, marketing, and contracting for or providing  
11 administrative services under the health care coverage program and for lapsing to  
12 the general fund any amount required under sub. (6m). Any moneys received by the  
13 department under this paragraph shall be credited to the appropriation account  
14 under s. 20.515 (2) (g).

15 ~~SECTION 40.98~~ <sup>100ix</sup> (6m) of the statutes is created to read:

16 40.98 (6m) The secretary of administration shall lapse from the appropriation  
17 under s. 20.515 (2) (g) to the general fund the amounts necessary to repay the loan  
18 under s. 601.34 when the secretary of administration, after consulting with the  
19 board, determines that funds in the appropriation under s. 20.515 (2) (g) are  
20 sufficient to make the lapse. The amounts that are required to be lapsed under s.  
21 20.515 (2) (g) shall equal the amount necessary to pay all principal and interest costs  
22 on the loan, less any amount that is lapsed to the general fund under s. 20.515 (2)  
23 (a) at the end of the 2001-03 fiscal biennium. The secretary of administration may  
24 lapse the amounts under s. 20.515 (2) (g) in installments. )) ←

INS  
MES

25 ~~SECTION 13.149.12 (1) (intro) of the statutes is amended to read:~~

#. Page 172, line 10: after that line insert:

Insert 10-24 →

6



ASSEMBLY BILL 876

SECTION 16

#1, Page 221, line 13: after that line insert:

1 149.14 (6) (c) A person who obtains coverage under the plan under s. 149.12  
2 (4) and whose application for coverage was received within 63 after his or her  
3 enrollment in the program under s. 635.30 was terminated under s. 635.30 (4) (b),  
4 may not be subject to any preexisting condition exclusion under the plan, as provided  
5 in s. 635.30 (4) (b).

→ 508r

6 "SECTION ~~16~~. 601.34 of the statutes is created to read:

7 **601.34 Loan to general fund.** No later than the first day of the 2nd month  
8 after the effective date of this section ... [revisor inserts date], an amount equal to  
9 \$850,000 shall be lapsed from the appropriation account under s. 20.145 (1) (g) to the  
10 general fund. The amount lapsed from the appropriation account shall be considered  
11 a loan to the general fund and interest shall accrue on the amount lapsed at the  
12 average rate earned by the state on its deposits in the state investment fund during  
13 the period of the loan. The general fund shall repay the loan from moneys lapsed to  
14 the general fund from the appropriation under s. 20.515 (2) (a) at the end of the  
15 2001-03 fiscal biennium, if any, and from moneys lapsed to the general fund from the  
16 appropriation under s. 20.515 (2) (g) in the amounts specified in s. 40.98 (6m). If the  
17 secretary of administration determines that the moneys lapsed from these  
18 appropriations will not be sufficient to repay the loan within a reasonable period of  
19 time, as determined by the secretary and the commissioner, the secretary shall credit  
20 the appropriation account under s. 20.145 (1) (g) from moneys in the general fund an  
21 amount sufficient to repay the loan.

→ 509gc

22 "SECTION ~~16~~. 632.835 (2) (b) of the statutes, as created by 1999 Wisconsin Act  
23 155, is amended to read:

24 632.835 (2) (b) ~~Whenever~~ If an adverse determination or an experimental  
25 treatment determination is made, the insurer involved in the determination shall

insert 12-21A  
insert 12-21B ← in this order

7

1 provide notice to the insured of the insured's right to obtain the independent review  
2 required under this section, how to request the review, and the time within which the  
3 review must be requested. The notice shall include a current listing of independent  
4 review organizations certified under sub. (4). An independent review under this  
5 section may be conducted only by an independent review organization certified  
6 under sub. (4) and selected by the insured.

7 SECTION ~~19~~. 632.835 (2) (bg) of the statutes is created to read:

8 632.835 (2) (bg) Notwithstanding par. (b), an insurer is not required to provide  
9 the notice under par. (b) to an insured ~~under the internal grievance procedure~~  
10 ~~until the insurer sends~~ notice of the disposition of the internal  
11 grievance if all of the following apply:

12 1. The health benefit plan issued by the insurer contains a description of the  
13 independent review procedure under this section, including an explanation of the  
14 insured's rights under par. (d), how to request the review, the time within which the  
15 review must be requested, and how to obtain a current listing of independent review  
16 organizations certified under sub. (4).

17 2. The insurer includes on its explanation of benefits form a reference to the  
18 section of the policy or certificate that contains the description of the independent  
19 review procedure.

20 SECTION ~~20~~. 635.25 of the statutes is created to read:

21 **635.25 Catastrophic risk. (1) DEFINITION.** In this section, "board" means the  
22 small employer catastrophic reinsurance board.

23 (2) THRESHOLDS FOR COVERED BENEFITS. (a) By December 1, 2002, and every 2  
24 years thereafter until December 1, 2006, every small employer insurer shall select,

that chooses to participate in the program under this section

8

Insert 13-19

509gd

509mp

1 and submit a report to the commissioner that specifies, the small employer insurer's  
2 threshold level of covered benefits, which may be any of the following:

- 3 1. Fifty thousand dollars in a calendar year.
- 4 2. One hundred thousand dollars in a calendar year.
- 5 3. One hundred fifty thousand dollars in a calendar year.
- 6 4. Two hundred fifty thousand dollars in a calendar year.

7 (b) The threshold level of benefits specified in a report under par. (a) shall apply  
8 to each insured under every group health benefit plan issued to a small employer in  
9 this state by the small employer insurer submitting the report.

10 (c) For each of the 2 calendar years after the year in which a small employer  
11 insurer submits a report under par. (a), if the amount of <sup>applicable</sup> covered benefits paid in a  
12 calendar year, beginning with ~~2004~~ <sup>2003</sup> and ending with ~~2006~~ <sup>2007</sup>, by the small employer  
13 insurer on behalf of any insured under any group health benefit plan to which this  
14 section applies exceeds the threshold level of covered benefits specified in the report,  
15 the commissioner, at the direction of the board, shall reimburse the small employer  
16 insurer from the appropriation under s. 20.145 (1) (j), in accordance with the  
17 procedures established by rule under sub. (5) (e), for 80% of the amount paid by the  
18 small employer insurer in that calendar year in excess of the threshold level specified  
19 in the report.

20 (3) PREMIUMS FOR REIMBURSEMENTS. (a) For every group health benefit plan  
21 issued or renewed to a small employer in this state on or between the dates specified  
22 by rule under sub. (5) (b), a small employer insurer shall charge a total premium that  
23 includes the premium amount established by rule under sub. (5) (a).

24 (b) By the date specified by rule under sub. (5) (c), a small employer insurer  
25 shall forward to the board the premiums established by rule under sub. (5) (a), in the

*that chooses to participate in the program under this section*

9

*Use twice*

ASSEMBLY BILL 876

the covered benefits to which the threshold level applies

that chooses to participate in the program under this section

1 manner required by rule under sub. (5) (d). The board shall credit all premium  
2 amounts received under this paragraph to the appropriation account under s. 20.145  
3 (1) (j).

4 (c) In addition to the disclosures required under s. 635.11, before the issuance  
5 or renewal of a group health benefit plan to a small employer in this state on or  
6 between the dates specified by rule under sub. (5) (b), a small employer insurer shall  
7 disclose to the small employer all of the following:

8 1. The small employer insurer's current threshold level of covered benefits  
9 under sub. (2) (a) and the calendar years to which <sup>the threshold level</sup> applies.

10 2. The amount of the total premium that is attributable to coverage for the  
11 small employer insurer's threshold level of covered benefits and 20% of covered  
12 benefits in excess of that threshold level.

13 3. The amount of the total premium that is the premium amount established  
14 by rule under sub. (5) (a). <sup>shall promulgate a rule determined by the board that establishes</sup>

15 (4) PROVIDER DISCOUNTS. (a) The commissioner <sup>shall establish</sup> provider  
16 discount rates for charges for covered services provided to insureds under group  
17 health benefit plans that are issued or renewed to small employers in this state on  
18 or between the dates specified by rule under sub. (5) (b). The <sup>rule</sup> commissioner may  
19 <sup>provide for</sup> higher provider discount rates for covered benefits under group health  
20 benefit plans that are issued by small employer insurers that specify higher  
21 threshold levels under sub. (2) (a). <sup>Insert 15-21</sup>

22 (b) Except for copayments, coinsurance, or deductibles required or authorized  
23 under a group health benefit plan, a provider of a covered service, drug, or device  
24 shall accept as payment in full for the covered service, drug, or device the discounted  
25 payment rate under par. (a) and may not bill the insured under the group health

ASSEMBLY BILL 876

SECTION 20

1 benefit plan who receives the service, drug, or device for any amount by which the  
2 charge is reduced under par. (a).

3 (5) RULES. The commissioner shall promulgate rules developed by the board  
4 for the operation of this section, including rules that do all of the following:

5 (a) Establish and periodically adjust the premium amounts that must be  
6 charged to small employers under sub. (3) (c) 3. The premium amounts under sub.  
7 (3) (c) 3. shall be based on an actuarially sound charge per covered individual that is  
8 calculated to generate sufficient moneys, in conjunction with provider discounts  
9 under sub. (4), to cover the reimbursements required under sub. (2) (c).

10 (b) Specify the dates that apply in sub. (3) (a), subject to the dates specified in  
11 par. (c) and sub. (2) (c).

12 (c) Specify the dates by which a small employer insurer must forward to the  
13 board the premiums established under par. (a). The first date by which the  
14 premiums must be forwarded to the board may not be later than July 1, 2003.

15 (d) Specify the procedures that small employer insurers must use for collecting,  
16 segregating, holding in trust, and forwarding to the board the premiums established  
17 under par. (a).

18 (e) Specify the procedures that small employer insurers must use for obtaining  
19 reimbursement under sub. (2) (c), including requirements for documenting the  
20 payment of covered benefits for determining whether a small employer insurer has  
21 paid its threshold level of covered benefits. ) . ←

*by small employer insurers that choose to participate in the program under this section.*

22 SECTION 21. 635.30 of the statutes is created to read:

23 ~~635.30 Pilot catastrophic care program. (1) In this section:~~

24 (a) "Board" means the small employer catastrophic care board.

\* #. Page 352, line 12: after that line insert:

## ASSEMBLY BILL 876

1 health, safety, or welfare and is not required to provide a finding of emergency for a  
2 rule promulgated under this subsection.

3 (4) RULES RELATED TO SMALL EMPLOYER CATASTROPHIC CARE. Using the procedure  
4 under section 227.24 of the statutes, the commissioner of insurance may promulgate  
5 the rules required under section 635.30 (2) (a), (3) (a) 2., 3., and 4. and (b) 1., and (7)  
6 of the statutes, as created by this act, for the period before the effective date of the  
7 permanent rules required under section 635.30 (2) (a), (3) (a) 2., 3., and 4. and (b) 1.,  
8 and (7) of the statutes, as created by this act, but not to exceed the period authorized  
9 under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24  
10 (1) (a), (2) (b), and (3) of the statutes, the commissioner is not required to provide  
11 evidence that promulgating a rule under this subsection as an emergency rule is  
12 necessary for the preservation of public peace, health, safety, or welfare and is not  
13 required to provide a finding of emergency for a rule promulgated under this  
14 subsection.

15 → " (3) → ~~PRE~~ → 9a  
16 PRESSCRIPTION DRUG COST REDUCTION; REPORT. (a) By January 1, 2003, the  
17 department of administration shall submit a report that identifies all of the  
18 following:

19 1. The participation by health care providers, insurers, and self-insurers in  
20 negotiating rebate agreements under section 16.735 (2) (a) of the statutes, as created  
21 by this act, and in developing in-state or multistate purchasing groups to negotiate  
22 reduced charges under section 16.735 (2) (b) of the statutes, as created by this act.

23 2. Strategies that the department of administration proposes to pursue to  
24 reduce costs for prescription drugs in this state.

25 (b) By January 1, 2005, the department of administration shall submit a report  
that specifies the status of implementing section 16.735 of the statutes, as created

**ASSEMBLY BILL 876**

**SECTION 22**

1 by this act, including any success or lack of success in reducing costs for prescription  
2 drugs in this state.

3 (c) The department of administration shall submit the reports specified in  
4 paragraphs (a) and (b) to the legislature in the manner provided under section 13.172  
5 (3) of the statutes, to the members of the joint committee on finance, and to the  
6 governor. )) ←

**SECTION 23. Appropriation changes.**

8 (1) PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM. In the schedule under  
9 section 20.005 (3) of the statutes for the appropriation to the department of employee  
10 trust funds under section 20.515 (2) (a) of the statutes, as affected by the acts of 2001,  
11 the dollar amount is increased by \$850,000 for fiscal year 2001-02 to increase  
12 funding for the purpose for which the appropriation is made.

13 (2) TRANSFER TO SMALL EMPLOYER CATASTROPHIC CARE PROGRAM FUND. In the  
14 schedule under section 20.005 (3) of the statutes for the appropriation to the office  
15 of the commissioner of insurance under section 20.145 (1) (g) of the statutes, as  
16 affected by the acts of 2001, the dollar amount is increased by \$500,000 for fiscal year  
17 2002-03 to increase funding for the purposes for which the appropriation is made.

18 **SECTION 24. Effective dates.** This act takes effect on the day after publication,  
19 except as follows:

20 (1) NOTICE OF INDEPENDENT REVIEW. The treatment of section 632.835 (2) (b) and  
21 (bg) of the statutes takes effect on the date stated in the notice published by the  
22 commissioner of insurance in the Wisconsin Administrative Register under section  
23 632.835 (8) of the statutes.

(END)

\* #. Page 358, line 21: after that line insert:

(13)

**ASSEMBLY BILL 876**

1 deposit in the fund. The earliest date specified under this paragraph must be at least  
2 6 months before the earliest date specified under par. (c).

3 (c) Specify the dates that apply in sub. (4)(a) 1., subject to the requirement  
4 under par. (b).

5 (d) Specify the procedures that small employer insurers must use for collecting,  
6 segregating, holding in trust, and forwarding to the board, as well as the time for  
7 forwarding to the board, the premiums established under sub. (3) (a) 4.

8 **SECTION 22. Nonstatutory provisions.**

9 ~~(1)~~ → " (1) ~~SMALL EMPLOYER CATASTROPHIC REINSURANCE BOARD.~~ → 1a. Notwithstanding the  
10 length of terms specified for the members of the small employer catastrophic  
11 reinsurance board under section 15.735 (1) (b) of the statutes, as created by this act,  
12 the initial members shall be appointed for the following terms:

13 (a) Two members, one nominated by the National Federation of Independent  
14 Business and Wisconsin Independent Businesses, Inc., and one nominated by the  
15 Wisconsin Association of Life and Health Insurers, Inc., for terms expiring on May  
16 1, 2005.

17 (b) Three members, one nominated by the Wisconsin Association of Life and  
18 Health Insurers, Inc., one nominated by the Wisconsin Association of Health Plans,  
19 and one nominated by the State Medical Society of Wisconsin, for terms expiring on  
20 May 1, 2006.

21 (c) Three members, one nominated by the National Federation of Independent  
22 Business and Wisconsin Independent Businesses, Inc., one nominated by the  
23 Wisconsin Association of Health Plans, and one nominated by the Wisconsin Health  
24 and Hospital Association, for terms expiring on May 1, 2007.

Insert 23-24 →



ASSEMBLY BILL 876

SECTION 22

1 (2) SMALL EMPLOYER CATASTROPHIC CARE BOARD. Notwithstanding the length of  
 2 terms specified for the members of the small employer catastrophic care board under  
 3 section 15.735 (2) (b) of the statutes, as created by this act, the initial members shall  
 4 be appointed for the following terms:

5 (a) Three members, one specified under section 15.735 (2) (a) 1. of the statutes,  
 6 as created by this act, one specified under section 15.735 (2) (a) 2. of the statutes, as  
 7 created by this act, and one specified under section 15.735 (2) (a) 3. of the statutes,  
 8 as created by this act, for terms expiring on May 1, 2004.

9 (b) Four members, one specified under section 15.735 (2) (a) 1. of the statutes,  
 10 as created by this act, 2 specified under section 15.735 (2) (a) 2. of the statutes, as  
 11 created by this act, and one specified under section 15.735 (2) (a) 3. of the statutes,  
 12 as created by this act, for terms expiring on May 1, 2005.

13 (c) Three members, 2 specified under section 15.735 (2) (a) 1. of the statutes,  
 14 as created by this act, and one specified under section 15.735 (2) (a) 2. of the statutes,  
 15 as created by this act, for terms expiring on May 1, 2006.

16 (16) ~~28~~ → 29 RULES RELATED TO SMALL EMPLOYER INSURER CATASTROPHIC RISK. Using the  
 17 procedure under section 227.24 of the statutes, the commissioner of insurance may  
 18 promulgate the rules required under section 635.25 (4) (a) and (5) of the statutes, as  
 19 created by this act, for the period before the effective date of the permanent rules  
 20 required under section 635.25 (4) (a) and (5) of the statutes, as created by this act,  
 21 but not to exceed the period authorized under section 227.24 (1) (c) and (2) of the  
 22 statutes. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the  
 23 commissioner is not required to provide evidence that promulgating a rule under this  
 24 subsection as an emergency rule is necessary for the preservation of public peace,

## ASSEMBLY BILL 876

1 health, safety, or welfare and is not required to provide a finding of emergency for a  
2 rule promulgated under this subsection.

3 (4) RULES RELATED TO SMALL EMPLOYER CATASTROPHIC CARE. Using the procedure  
4 under section 227.24 of the statutes, the commissioner of insurance may promulgate  
5 the rules required under section 635.30 (2) (a), (3) (a) 2., 3., and 4. and (b) 1., and (7)  
6 of the statutes, as created by this act, for the period before the effective date of the  
7 permanent rules required under section 635.30 (2) (a), (3) (a) 2., 3., and 4. and (b) 1.,  
8 and (7) of the statutes, as created by this act, but not to exceed the period authorized  
9 under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24  
10 (1) (a), (2) (b), and (3) of the statutes, the commissioner is not required to provide  
11 evidence that promulgating a rule under this subsection as an emergency rule is  
12 necessary for the preservation of public peace, health, safety, or welfare and is not  
13 required to provide a finding of emergency for a rule promulgated under this  
14 subsection.

15 (5) PRESCRIPTION DRUG COST REDUCTION; REPORT. (a) By January 1, 2003, the  
16 department of administration shall submit a report that identifies all of the  
17 following:

18 1. The participation by health care providers, insurers, and self-insurers in  
19 negotiating rebate agreements under section 16.735 (2) (a) of the statutes, as created  
20 by this act, and in developing in-state or multistate purchasing groups to negotiate  
21 reduced charges under section 16.735 (2) (b) of the statutes, as created by this act.

22 2. Strategies that the department of administration proposes to pursue to  
23 reduce costs for prescription drugs in this state.

24 (b) By January 1, 2005, the department of administration shall submit a report  
25 that specifies the status of implementing section 16.735 of the statutes, as created

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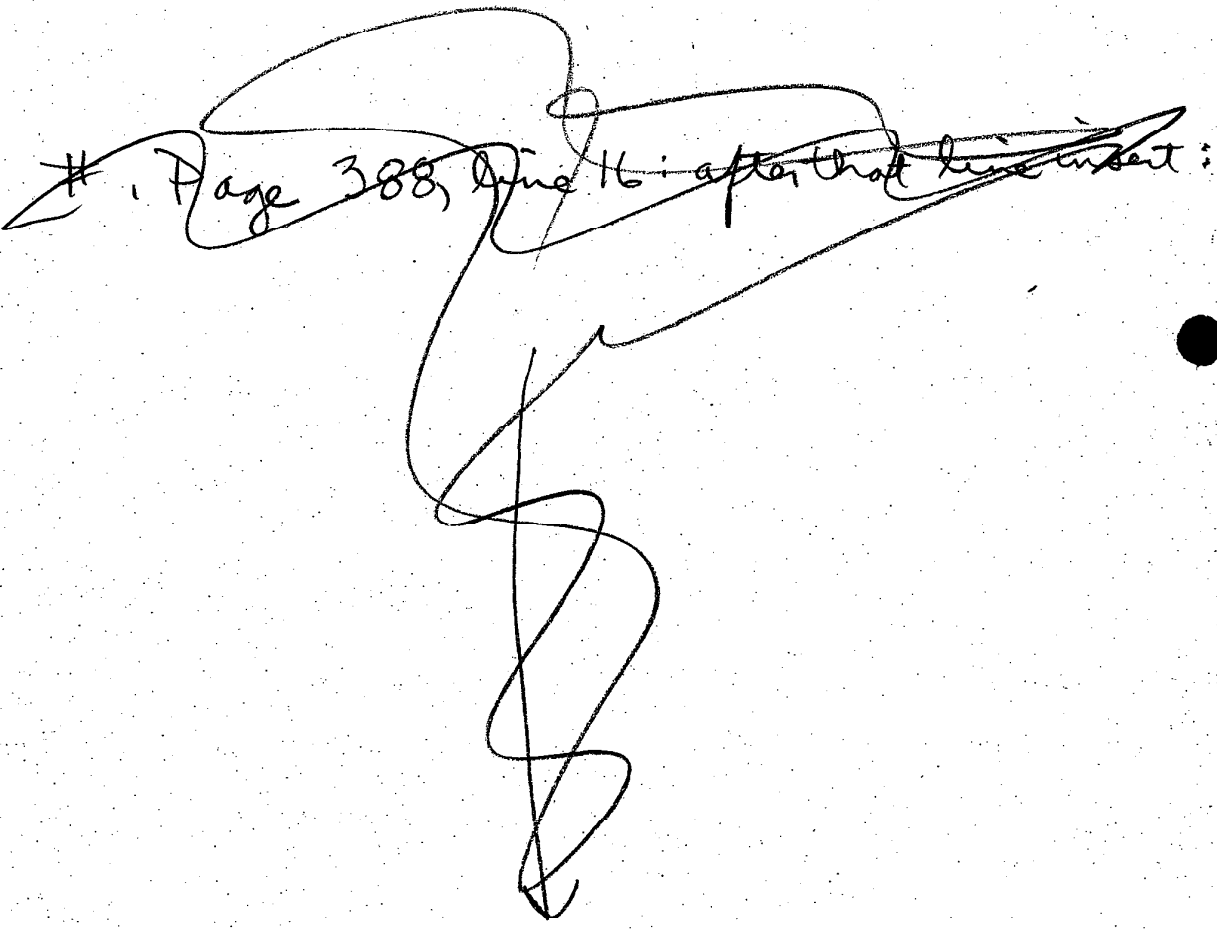
~~APX~~ → 39

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UNIFORM EMPLOYEE APPLICATION FORM RULES. The commissioner of insurance shall submit in proposed form the rules required under section 601.41 (8) (b) of the statutes, as created by this act, to the legislative council staff under section 227.15 (1) of the statutes no later than the first day of the 5th month beginning after the effective date of this subsection."

↑  
~~APX~~

# Page 388, line 16: after that line insert:



2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRBb2413/?ins

PTK.....

19

*[Handwritten signature]*

1 1. Page 359, line 1: after that line insert:

2 “~~(3)~~ HEALTH INSURANCE COSTS STUDY. The joint legislative council is requested  
3 to conduct a study on the rising costs of health insurance. If the joint legislative  
4 council conducts the study, it shall report its findings and conclusions to the  
5 legislature in the manner provided under section 13.172 (2) of the statutes.”

6 2. Page ~~343~~<sup>388</sup>, line ~~21~~<sup>16</sup>: after that line insert:

**ASSEMBLY BILL 876**

1 by this act, including any success or lack of success in reducing costs for prescription  
2 drugs in this state.

3 (c) The department of administration shall submit the reports specified in  
4 paragraphs (a) and (b) to the legislature in the manner provided under section 13.172  
5 (3) of the statutes, to the members of the joint committee on finance, and to the  
6 governor.

**SECTION 23. Appropriation changes.**

7  
8 (1) ~~PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM.~~ <sup>29</sup> PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM. In the schedule under  
9 section 20.005 (3) of the statutes for the appropriation to the department of employee  
10 trust funds under section 20.515 (2) (a) of the statutes, as affected by the acts of 2001,  
11 the dollar amount is increased by \$850,000 for fiscal year 2001-02 to increase  
12 funding for the purpose for which the appropriation is made.

13 (2) TRANSFER TO SMALL EMPLOYER CATASTROPHIC CARE PROGRAM FUND. In the  
14 schedule under section 20.005 (3) of the statutes for the appropriation to the office  
15 of the commissioner of insurance under section 20.145 (1) (g) of the statutes, as  
16 affected by the acts of 2001, the dollar amount is increased by \$500,000 for fiscal year  
17 2002-03 to increase funding for the purposes for which the appropriation is made.

18 **SECTION 24. Effective dates.** This act takes effect on the day after publication,  
19 except as follows:

20 (1) NOTICE OF INDEPENDENT REVIEW. The treatment of section 632.835 (2) (b) and  
21 (hg) of the statutes takes effect on the date stated in the notice published by the  
22 commissioner of insurance in the Wisconsin Administrative Register under section  
23 632.835 (8) of the statutes.

24 (END)



Handwritten circled numbers: 19 and 18.

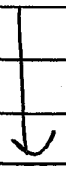
Insert 26-6

~~H. Page 388, line 16 after that line~~  
~~insert~~

25  
CS

# (14) HIRING FREEZE EXEMPTION. Notwithstanding any <sup>action</sup> ~~any~~ action of the governor or the secretary of administration under section 16.505(3) of the statutes before the effective date of this subsection, the department of employee trust funds may fill 3.5 FTE GPR positions that are vacant on the effective date of this subsection, that are authorized to the department under section 16.505 of the statutes, and that are funded from the appropriation under section 20.512(2)(a) of the statutes. ”.

#. Page 437, line 12: after that line insert:



20  
~~12~~

**BILL**

(b) Employers that offer preferred provider plans that cover employees who are affected by a collective bargaining agreement containing provisions inconsistent with this act and that are issued or renewed on the earlier of the following:

1. The day on which the collective bargaining agreement expires.
2. The day on which the collective bargaining agreement is extended, modified, or renewed.

7 → " (1) TAX-EXEMPT MEDICAL SAVINGS ACCOUNTS. The treatment of sections 71.05 (6) (a) 21. and (b) 34., 71.07 (5) (a) 9., 71.83 (1) (c) and 632.898 of the statutes first applies to taxable years beginning on January 1 of the year in which the secretary of revenue certifies that the federal government does not extend the availability of the Archer medical savings accounts under 26 USC 220." ←

**SECTION 80. 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.

(2) **NOTICE OF INDEPENDENT REVIEW.** The treatment of section 632.835 (2) (b) and (bg) of the statutes takes effect on the date stated in the notice published by the commissioner of insurance in the Wisconsin Administrative Register under section 632.835 (8) of the statutes.

(3) **PREFERRED PROVIDER PLANS.** The treatment of section 609.10 (1) (ac) (intro.) and 2., (am), (b), and (c) and (1m) (d) of the statutes and SECTION 79 (2) of this act take effect on the first day of the 6th month beginning after publication.

(END)

#, Page 446, line 13: after that line insert:



21

**ASSEMBLY BILL 876**

1 by this act, including any success or lack of success in reducing costs for prescription  
2 drugs in this state.

3 (c) The department of administration shall submit the reports specified in  
4 paragraphs (a) and (b) to the legislature in the manner provided under section 13.172  
5 (3) of the statutes, to the members of the joint committee on finance, and to the  
6 governor.

Insert 26

**SECTION 23. Appropriation changes.**

8 (1) PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM. In the schedule under  
9 section 20.005 (3) of the statutes for the appropriation to the department of employee  
10 trust funds under section 20.515 (2) (a) of the statutes, as affected by the acts of 2001,  
11 the dollar amount is increased by \$850,000 for fiscal year 2001-02, to increase  
12 funding for the purpose for which the appropriation is made.

13 (2) TRANSFER TO SMALL EMPLOYER CATASTROPHIC CARE PROGRAM FUND. In the  
14 schedule under section 20.005 (3) of the statutes for the appropriation to the office  
15 of the commissioner of insurance under section 20.145 (1) (g) of the statutes, as  
16 affected by the acts of 2001, the dollar amount is increased by \$500,000 for fiscal year  
17 2002-03 to increase funding for the purposes for which the appropriation is made.

18 **SECTION 24. Effective dates.** This act takes effect on the day after publication,  
19 except as follows:

20 → " (1) NOTICE OF INDEPENDENT REVIEW. The treatment of section 632.835 (2) (b) and  
21 (bg) of the statutes takes effect on the date stated in the notice published by the  
22 commissioner of insurance in the Wisconsin Administrative Register under section  
23 632.835 (8) of the statutes. " •

24 (END)