

2001 DRAFTING REQUEST

Senate Amendment (SA-SSA1-SB55)

Received: 06/15/2001

Received By: kahlepj

Wanted: Soon

Identical to LRB:

For: Senate Democratic Caucus

By/Representing: Keckhaver

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Addl. Drafters:

Subject: Insurance - health
Health - miscellaneous

Extra Copies:

Submit via email: NO

Requester's email:

Pre Topic:

SDC:.....Keckhaver - CN1126,

Topic:

Special assessment for HIRSP funding on small employers who terminate health insurance coverage

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 06/17/2001	hhagen 06/18/2001		_____			
/1			jfrantze 06/18/2001	_____	lrb_docadmin 06/18/2001		

FE Sent For:

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1?	kahlepj	l hmk 6/17/01	J 6/6/18	l hmk 6/18	SEM		

FE Sent For:

<END>

Agency: Health Insurance Risk Sharing Plan

caucus number 1126

duplicate flag:

duplicate with:

Other reference numbers:	LFB Sum #:
bill number/amendment number:	
LRB draft #	LRB P-draft:

description: Create a special assessment under HIRSP on small employer group insurers who terminate employee coverage. Provide half of the assessment revenue shall be credited to the insurer assessment and half to reduce premiums.

other notes

Description2: Create a special assessment under HIRSP on small employer group insurers who terminate employee coverage. Provide that half of the assessment revenue shall be credited to the insurer assessment and half shall be used to reduce premiums.

drafting instructions: Modify the attached provision to provide that half of the assessment revenue shall be credited to the insurer assessment and half shall be used to reduce premiums.

more instructions:

Agency: Health Insurance Risk Sharing Plan

Number of Amendments: 1

PJK

Heath Insurance Risk Sharing Plan (HIRSP)

Move to include the attached provision to create a special assessment under HIRSP on small employer group insurers who terminate employee coverage. Modify the attached language to provide that half of the assessment revenue shall be credited to the insurer assessment and half shall be used to reduce premiums.

CHVALA

- ✓ 1. Delete 635.19 (6)
2. Add 635.20 to read as follows:

635.20 Special assessment upon termination of small employer group health benefit plan.

✓(1) Except as provided in subs (2), each small employer insurer that terminates a small employer group health plan shall pay a special assessment to the department of Health and Family Services for each individual formerly enrolled in the small employer group health benefit plan who enrolls in the HIRSP program.

✓(2) The special assessment shall not apply to small group insurers who terminate for the following reasons:

(a) The small employer has failed to pay premiums or contributions in accordance with the terms of the group health benefit plan or in a timely manner.

(b) The small employer has performed an act or engaged in a practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage; or

(c) The small employer fails to meet participation or contribution requirements of the group health benefit plan.

(3) The special assessment shall be determined by the costs set forth in sub. (4), if applicable in addition to the cost of the average HIRSP enrollee for the year in which the termination of the small employer group health benefit plan is effective multiplied by the total number of individuals formerly covered by the group health benefit plan who enroll in HIRSP. The average cost of a HIRSP enrollee shall be determined by deducting the HIRSP enrollee premiums from the total HIRSP Program costs divided the by total number of HIRSP enrollees for the same year in which the termination of the group health benefit plan is effective.

✓(4) The small employer group insurer shall be liable for all costs associated with pre-existing conditions of their former enrollees or insureds treated during the first six months of coverage under the HIRSP program.

✓(5) The HIRSP board of governors shall determine when this special assessment is paid.

Amend 149.143 (1) (b)(2)(a) to read as follows: Fifty percent from insurer assessments under s. 149.13 and small employer insurer special assessments under s. 635.20, excluding assessments under s. 149.144.

2850

632.746
(9)

632.749
(2)(c)





State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb0887/A
PJK: [signature]

SDC:.....Keckhaver – CN1126, Special assessment for HIRSP funding on
small employers who terminate health insurance coverage

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

Substitute amendment

- 1
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At the locations indicated, amend the ~~bill~~ as follows:

1. Page 946, line 25: after that line insert:

2850 dm
"SECTION ~~149.135~~ 149.135 of the statutes is created to read:

149.135 Special small employer insurer assessment. (1) In this section:

(a) "Discontinued individual" means an individual who was covered under health benefit plan subject to ch. 635 that was discontinued by the small employer insurer that provided the health benefit plan and who obtained coverage under the ~~plan~~ *the* under this chapter after the coverage under the health benefit plan was discontinued.

(b) "Health benefit plan" has the meaning given in s. 632.745 (11).

1 (c) "Small employer" has the meaning given in s. 635.02 (7). ✓

2 (d) "Small employer insurer" has the meaning given in s. 635.02 (8). ✓

3 (2) (a) Except as provided in sub. (1), a small employer insurer that
4 discontinues coverage under a health benefit plan that is subject to ch. 635 shall pay
5 a special assessment for each discontinued individual.

6 (b) The assessment under this subsection shall be determined by multiplying
7 the small employer insurer's number of discontinued individuals by the average cost
8 of an eligible person in the year in which the small employer insurer discontinued
9 the coverage under ^{the} health benefit plan. The average cost of an eligible person in the
10 year in which the health benefit plan was discontinued shall be determined by
11 deducting from the total ~~plan~~ ^{of the plan under this chapter} costs in that year all premiums paid in that year by all
12 persons with coverage under the plan, ^{under this chapter} and then by dividing that amount by the total
13 number of persons with coverage under the plan in that year.

14 (c) The assessment under this subsection shall also ~~consist of~~ ^{include} all costs that are
15 incurred by ^{the small employer insurer's} discontinued individual ^{their} during the first 6 months of ~~the individual's~~
16 coverage under the plan under this chapter and that are attributable to ^a preexisting
17 condition.

18 (e) The board shall determine when a small employer insurer ^{must} ~~is required to~~ pay
19 the assessment under this section.

20 (3) The assessment under sub. (1) does not apply if the small employer insurer
21 discontinued coverage under the health benefit plan subject to ch. 635 for any of the
22 following reasons:

23 (a) The small employer failed to pay premiums or contributions in accordance
24 with the terms of the health benefit plan or in a timely manner.

1 (b) The small employer performed an act or engaged in a practice that
2 constitutes fraud or made an intentional misrepresentation of material fact under
3 the terms of the coverage.

4 (c) The small employer failed to meet participation or contribution
5 requirements under the health benefit plan.”.

6 2. Page 948, line 20: after that line insert:

7

“SECTION ^{2850Ldc} 149.143 (1) (intro.) of the statutes is amended to read:

8 149.143 (1) (intro.) The department shall pay or recover the operating costs of
9 the plan from the appropriation under s. 20.435 (4) (v) and administrative costs of
10 the plan from the appropriation under s. 20.435 (4) (u). For purposes of determining
11 premiums, insurer assessments under s. 149.13, and provider payment rate
12 adjustments, the department shall apportion and prioritize responsibility for
13 payment or recovery of plan costs from among the moneys constituting the fund as
14 follows:

History: 1997 a. 27; 1999 a. 9, 165.

15

SECTION ^{2850Ldm} 149.143 (1) (b) 1. a. of the statutes is amended to read:

16 149.143 (1) (b) 1. a. First, from premiums from eligible persons with coverage
17 under s. 149.14 (2) (a) set at 150% of the rate that a standard risk would be charged
18 under an individual policy providing substantially the same coverage and
19 deductibles as are provided under the plan and from eligible persons with coverage
20 under s. 149.14 (2) (b) set in accordance with s. 149.14 (5m), including amounts
21 received for premium and deductible subsidies under s. 149.144 and under the
22 transfer to the fund from the appropriation account under s. 20.435 (4) (ah), and from
23 premiums collected from eligible persons with coverage under s. 149.146 set in

Small employer

1 accordance with s. 149.146 (2) (b), and from 50% of insurer assessments under s.
2 149.135.”

History: 1997 a. 27; 1999 a. 9, 165.

3 3. Page 948, line 23: delete “assessments, excluding” and substitute
4 “assessments under s. 149.13, excluding”.

5 4. Page 949, line 2: after that line insert:

6 “SECTION ~~2~~ ^{2850 Lem} 149.143 (1) (b) 2. a. of the statutes is amended to read:

7 149.143 (1) (b) 2. a. Fifty percent from insurer assessments under s. 149.13,

8 excluding assessments under s. 149.144, and from 50% of insurer assessments under

9 s. 149.135.”

History: 1997 a. 27; 1999 a. 9, 165.

10 5. Page 950, line 17: delete “assessments,” and substitute “assessments under
11 s. 149.13.”

12 6. Page 951, line 25: delete “assessments,” and substitute “assessments under
13 s. 149.13.”

14 7. Page 1181, line 12: after that line insert:

15 “SECTION 3766r. 635.19 (6) of the statutes is repealed.”

16 (END)

SDC:.....Keckhaver - CN1126, Special assessment for HIRSP funding on
small employers who terminate health insurance coverage

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

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

2 **1.** Page 946, line 25: after that line insert:

3 **"SECTION 2850dm.** 149.135 of the statutes is created to read:

4 **149.135 Special small employer insurer assessment. (1)** In this section:

5 (a) "Discontinued individual" means an individual who was covered under the
6 health benefit plan subject to ch. 635 that was discontinued by the small employer
7 insurer that provided the health benefit plan and who obtained coverage under the
8 plan under this chapter after the coverage under the health benefit plan was
9 discontinued.

10 (b) "Health benefit plan" has the meaning given in s. 632.745 (11).

1 (c) “Small employer” has the meaning given in s. 635.02 (7).

2 (d) “Small employer insurer” has the meaning given in s. 635.02 (8).

3 (2) (a) Except as provided in sub. (3), a small employer insurer that
4 discontinues coverage under a health benefit plan that is subject to ch. 635 shall pay
5 a special assessment for each discontinued individual.

6 (b) The assessment under this subsection shall be determined by multiplying
7 the small employer insurer’s number of discontinued individuals by the average cost
8 of an eligible person in the year in which the small employer insurer discontinued
9 the coverage under the health benefit plan. The average cost of an eligible person
10 in the year in which the health benefit plan was discontinued shall be determined
11 by deducting from the total costs of the plan under this chapter in that year all
12 premiums paid in that year by all persons with coverage under the plan under this
13 chapter, and then by dividing that amount by the total number of persons with
14 coverage under the plan under this chapter in that year.

15 (c) The assessment under this subsection shall also include all costs that are
16 incurred by the small employer insurer’s discontinued individuals during their first
17 6 months of coverage under the plan under this chapter and that are attributable to
18 preexisting conditions.

19 (d) The board shall determine when a small employer insurer must pay the
20 assessment under this section.

21 (3) The assessment under sub. (2) does not apply if the small employer insurer
22 discontinued coverage under the health benefit plan subject to ch. 635 for any of the
23 following reasons:

24 (a) The small employer failed to pay premiums or contributions in accordance
25 with the terms of the health benefit plan or in a timely manner.

1 (b) The small employer performed an act or engaged in a practice that
2 constitutes fraud or made an intentional misrepresentation of material fact under
3 the terms of the coverage.

4 (c) The small employer failed to meet participation or contribution
5 requirements under the health benefit plan.”.

6 **2.** Page 948, line 20: after that line insert:

7 **“SECTION 2850Ldc.** 149.143 (1) (intro.) of the statutes is amended to read:

8 149.143 (1) (intro.) The department shall pay or recover the operating costs of
9 the plan from the appropriation under s. 20.435 (4) (v) and administrative costs of
10 the plan from the appropriation under s. 20.435 (4) (u). For purposes of determining
11 premiums, insurer assessments under s. 149.13, and provider payment rate
12 adjustments, the department shall apportion and prioritize responsibility for
13 payment or recovery of plan costs from among the moneys constituting the fund as
14 follows:

15 **SECTION 2850Ldm.** 149.143 (1) (b) 1. a. of the statutes is amended to read:

16 149.143 (1) (b) 1. a. First, from premiums from eligible persons with coverage
17 under s. 149.14 (2) (a) set at 150% of the rate that a standard risk would be charged
18 under an individual policy providing substantially the same coverage and
19 deductibles as are provided under the plan and from eligible persons with coverage
20 under s. 149.14 (2) (b) set in accordance with s. 149.14 (5m), including amounts
21 received for premium and deductible subsidies under s. 149.144 and under the
22 transfer to the fund from the appropriation account under s. 20.435 (4) (ah), and from
23 premiums collected from eligible persons with coverage under s. 149.146 set in

1 accordance with s. 149.146 (2) (b), and from 50% of small employer insurer
2 assessments under s. 149.135.”.

3 **3.** Page 948, line 23: delete “assessments, excluding” and substitute
4 “assessments under s. 149.13, excluding”.

5 **4.** Page 949, line 2: after that line insert:

6 “SECTION 2850Lem. 149.143 (1) (b) 2. a. of the statutes is amended to read:
7 149.143 (1) (b) 2. a. Fifty percent from insurer assessments under s. 149.13,
8 excluding assessments under s. 149.144, and from 50% of small employer insurer
9 assessments under s. 149.135.”.

10 **5.** Page 950, line 17: delete “assessments,” and substitute “assessments under
11 s. 149.13.”.

12 **6.** Page 951, line 25: delete “assessments,” and substitute “assessments under
13 s. 149.13.”.

14 **7.** Page 1181, line 12: after that line insert:

15 “SECTION 3766r. 635.19 (6) of the statutes is repealed.”.

16 (END)