

2001 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-SB55)

Received: 06/21/2001

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Assembly Republican Caucus**

By/Representing: **Hughes**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact: **LFB**

Addl. Drafters: **kahlepj**

Subject: **Employ Pub - miscellaneous
Insurance - health**

Extra Copies:

Submit via email: **NO**

Requester's email:

Pre Topic:

ARC:.....Hughes - AM22,

Topic:

Private employer health care coverage program

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>
/1	champra 06/21/2001 kahlepj 06/22/2001	csicilia 06/25/2001	rschluet 06/25/2001	_____	lrb_docadmin 06/25/2001		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2	kahlepj 06/26/2001	csicilia 06/26/2001	pgreensl 06/26/2001	_____	lrb_docadmin 06/26/2001		
/3	kahlepj 06/28/2001	csicilia 06/28/2001	rschluet 06/28/2001	_____	lrb_docadmin 06/28/2001		

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/1	champra 06/21/2001 kahlepj 06/22/2001	csicilia 06/25/2001	rschluet 06/25/2001	_____	lrb_docadmin 06/25/2001		

*Ben
6-28-01*

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2	kahlepj 06/26/2001	csicilia 06/26/2001	pgreensl 06/26/2001	_____	lrb_docadmin 06/26/2001		

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13
cj = 6/27
01

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Instructions:

See Attached.

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/1	champra	/1 cjs 6/24 01	wst 6/25 /1	_____	_____		

FE Sent For:

<END>

Memorandum

H

To: Fred Ammerman – Fiscal Bureau
Cathlene Hanaman – Reference Bureau

CC: Heather Smith – Assembly Republican Caucus

From: Paul Tessmer – Assembly Republican Caucus

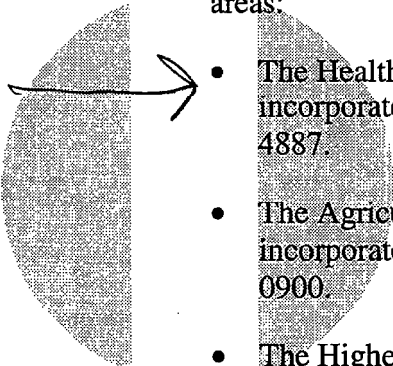
Date: 06/21/01

Re: ARC Amendments – Passed 6-20-01

Am # 22

Hughes &
contact

Please find enclosed copies of the budget amendments passed by the Assembly Republicans in Caucus on Tuesday, June 20, 2001. The amendments are provided in the following four areas:

- 
- **The Health Care Working Group Package.** Associated freestanding amendments incorporated in this package are also provided. Contact Carolyn Hughes (ARC) at 7-4887.
 - **The Agriculture Working Group Package.** Associated freestanding amendments incorporated in this package are also provided. Contact Mark Jefferson (ARC) at 7-0900.
 - **The Higher Education Working Group Package.** Associated freestanding amendments incorporated in this package are also provided. Contact Jim Emerson (ARC) at 7-0904.
 - **Other Freestanding Amendments.** Contact the ARC analyst listed on the amendment at 6-1452.

NOTE: The Working Group Package document takes precedence over its associated freestanding amendments. Please call the contact person listed above (or the ARC analyst listed on the amendment) for supporting documentation.

Hard copies of the Working Group Packages are also being sent to your office. The hard copies may contain supporting documentation not included in the Word document.

I am also available to help answer questions at 4-8587.

32. Nursing Home Labor Regions:

Delete Joint Finance and Governor's provisions and request the Department of Health and Family Services, with representatives from the nursing home industry and organized labor, to develop a new, comprehensive labor region plan.

The Department is then required to submit this proposal to the Joint Committee on Finance on or before September 1, 2001. The committee shall have a 14-day passive review of the proposal.

33. Feasibility Study on WIC:

Change the date of completion on the feasibility study on WIC from January 1, 2003 from January 1, 2002.

34. Private Employer Health Care Coverage Program (PEHCCP) RAC+PIK

Program Background:

The Private Employer Health Care Coverage Program created in 1999 Act 9, was based primarily on the Health Insurance Plan of California (the HIPC). It is worth noting that the California program has been an overwhelming success. It currently has over 140,000 participants. The average business group size is ten employees and the average new business enrollee size is five employees. It is fully privatized and a second pool has been created by insurance agents to compete with the original pool.

It is also important to note that when HIPC was created it was part of a broad re-write of California small employer health insurance regulations intended to stabilize insurance rates, increase competition in the insurance market, and increase the number of insured individuals in the state. Humana (formerly Employer's Health Insurance of Wisconsin) was the third party administrator and marketer of the program in California. Another Wisconsin firm, Electronic Data Systems (EDS) also administers the California Healthy Start Program.

Finally, without exception, everyone we have consulted with regarding pooling programs around the country strongly recommended that to the greatest extent possible the standards and rules in the overall small employer market be identical to those inside the small employer pool.

Technical Changes to the Program:

The primary reason the pool is not up and running is a provision in 1999 Act 9, which required the private administrator to secure contracts with insurers. The prospective administrators have not typically done this and did not wish to. We are transferring responsibility for contracting with insurers to ETF. We are also making several smaller technical changes to the program including not requiring agent's commissions to be published on the front page of the policies sold through the pool (this is not done in the market now but would have been required by Act 9).

Redefining "Eligible Employee":

Currently, the language under s. 40.98(1)(c), which was included in 1999 Act 9, defines "employee" within the pool. This draft deletes this language and insert in its place the definition of "eligible employee" currently used in the small business insurance market under s. 632.745(5)(a) in order to keep the pool consistent with the outside market.

Rate Adjustment Mechanisms:

- Current Law:

Small business health insurance rates in Wisconsin are currently based on numerous characteristics for each insured individual. There are two kinds of characteristics or variables on which rate variation is based; Case Characteristics - age, gender, occupation, location, and family size, and Risk Characteristics- health status, claims experience and duration of coverage with an insurance provider.

In Wisconsin, variations based on Risk Characteristics are limited in their impact by "rating bands." Rating bands are restrictions on how much a particular group's insurance rates can vary based on Risk Characteristics, relative to a midpoint between the highest cost premium and lowest cost premium for a group with similar Case Characteristics and benefit plan design.

We currently restrict variation of insurance premiums based on risk (health status) to 30% above or below the midpoint rate when a policy is initially purchased. (The general rating band is 35% by statute but OCI has further limited it by rule.) So, if you are prone to illness, your premiums can be, at a maximum 86% higher than a very healthy person when you first buy your policy. (If the midpoint rate is \$100, the lowest rate possible is \$70 [-30%] and the highest is \$130 [+30%], a difference of 86% from lowest to highest.) Insurers use medical underwriting to determine a particular group's premium rates within this range. If you already have a policy and are renewing it, your rate can only be increased 15% per year based on changes in health status, in addition to any changes in Case Characteristics and the insurer's adjustment for the "trend" in health care costs.

Rate changes based on Case Characteristics are currently not subject to any restrictions.

- Proposal:

We are proposing to change the way insurance companies determine premium rates in the small business market, which applies to employers with between two and 50 employees.

① Occupation will no longer be considered an Case Characteristic. Instead, it will be considered a Risk Characteristic and therefore included in the +/- 30% rate bands.

② We will require that all insurance companies, both inside and outside the pool, publish their standard employer risk rates based on these criteria. It will be left to the board to determine the manner in which these rates are published within the pool and for OCI to determine the manner in which these rates are published outside the pool, but they must be published annually.

③ These changes would become effective one year after the proposal becomes law.

Funding for marketing and actuarial:

The Joint Committee on Finance allocated \$211,100 to fund ETF's operational costs for the program in the first year of the next biennium. \$200,000 of that allocation came from lapsed funds from the previous budget, intended for use as a grant to the third party administration.

All additional revenue for the program will be in the form of a loan from the State Life Insurance Pool. The loan in the amount of \$850,000 for the biennium will be paid back through administrative fees imposed on businesses and individuals participating in the program.

Limiting additional "Guaranteed Issue":

4
The language included in Act 9 expanded the eligibility currently required under the federal HIPAA law (which provides guaranteed issue to groups of 2-50) to include groups of 2 to an infinite number, except for a person operating a farm business, in which case the minimum is one employee.

We have been advised that it is highly probable that any expansion of the federal guaranteed issue provision within the pool would result in the insurance companies choosing not to take part in the program at all. Without insurer participation, there is no program. Therefore, we are proposing to give ETF and the Private Employer Health Care Board the discretion to decide whether to retain or delete the expanded guaranteed issue provision currently in the statutes.

PAC
Rulemaking authority:

In Act 9, ETF was not explicitly granted authority to promulgate rules required for the administration of the program. This authority would, however, improve the program's flexibility to reflect changes in insurer practices over time and respond to a highly competitive private health insurance market while ensuring that proposed changes to the program maintain the legislative oversight and public input of the rulemaking process. Therefore, we are proposing to give ETF rulemaking authority, with approval of the Private Employer Health Care Coverage Board.



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb1418/1
RAC&PJK:.....

Scan

gs

ARC:.....Hughes – Amendment 22, Private employer health care coverage program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS ASSEMBLY AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

substitute amendment

1

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

2

1. Page 258, line 3: increase the dollar amount for fiscal year 2001-02 by

3

\$850,000 for the purpose for which the appropriation is made.

4

2. Page ⁴⁰¹391, line ¹¹13: after that line insert:

5

^{910t}“SECTION ~~844d~~. 20.515 (2) (g) of the statutes is amended to read:

6

20.515 (2) (g) *Private employer health care coverage plan.* All moneys received

7

under subch. X of ch. 40 from employers who elect to participate in the private

8

employer health care coverage program under subch. X of ch. 40, for the costs of

9

designing, marketing and contracting for or providing administrative services for

1 the program and for lapsing to the general fund the amounts required under s. 40.98
 2 (6m).”

NOTE: NOTE: Par. (g) is repealed eff. 1-1-10 by 1999 Wis. Act 9. NOTE:

History: 1971 c. 40 s. 93; 1971 c. 125; 1973 c. 90, 151, 337; 1975 c. 39; 1977 c. 29, 84; 1979 c. 34, 38; 1979 c. 102 s. 236 (4); 1981 c. 96; 1981 c. 187 s. 10; 1981 c. 250; 1983 a. 27, 247, 255; 1983 a. 394 s. 2; 1985 a. 29; 1987 a. 27, 107; 1987 a. 403 s. 256; 1989 a. 14, 31; 1989 a. 56 s. 259; 1991 a. 269; 1995 a. 27, 88, 89, 240; 1997 a. 26, 27; 1999 a. 9.

3 **3.** Page 533, line 4: after that line insert:

4 “SECTION 1391h. 40.03 (2) (it) of the statutes is created to read:

5 40.03 (2) (it) Shall promulgate, with the approval of the private employer
 6 health care coverage board, all rules required for the administration of the private
 7 employer health care coverage program established under subch. X.”

8 **4.** Page 535, line 6: after that line insert:

9 “SECTION 1400b. 40.98 (1) (bm) of the statutes is created to read:

10 40.98 (1) (bm) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

11 SECTION 1400c. 40.98 (1) (d) of the statutes is amended to read:

12 40.98 (1) (d) “Employer” means any person doing business or operating an
 13 organization in this state and employing at least 2 eligible employees, except that for
 14 a person operating a farm business the person must employ at least one eligible
 15 employee. “Employer” does not include an employer as defined in s. 40.02 (28).

History: 1999 a. 9.

16 SECTION 1400d. 40.98 (2) (a) 3. of the statutes is amended to read:

17 40.98 (2) (a) 3. The ~~administrator selected under subd. 2., or the department~~
 18 ~~if no administrator has been selected under subd. 2.,~~ shall enter into contracts with
 19 insurers who are to provide health care coverage under the health care coverage
 20 program.

History: 1999 a. 9.

21 SECTION 1400e. 40.98 (2) (a) 4. of the statutes is amended to read:

1 40.98 (2) (a) 4. The department or the administrator selected under subd. 2.
2 shall solicit and accept bids and shall enter into a contract for marketing the health
3 care coverage program.

4 History: 1999 a. 9.

4 **SECTION 1400f.** 40.98 (2) (d) of the statutes is amended to read:

5 40.98 (2) (d) All insurance rates for health care coverage under the program
6 shall be ~~published annually in a single publication that is~~ made available to
7 employers and employees in a manner determined by the board. Rates that apply
8 to coverage for small employers, as defined in s. 635.02 (7), shall be published at least
9 annually, as required in s. 635.12. The rates may be listed by county or by any other
10 regional factor that the board considers appropriate. Annually, the board shall
11 submit a report to the appropriate standing committees under s. 13.172 (3)
12 specifying the average insurance rate for health care coverage under the program by
13 county or by any other regional factor the board considers appropriate.

14 History: 1999 a. 9.

14 **SECTION 1400g.** 40.98 (3) (a) of the statutes is amended to read:

15 40.98 (3) (a) Offer health care coverage under one or more plans to all of its
16 ~~permanent eligible employees who have a normal work week of 30 or more hours and,~~
17 if permitted by any plan offered by an insurer under the health care coverage
18 program, may offer health care coverage under one or more plans such a plan to any
19 of its other employees.

20 History: 1999 a. 9.

20 **SECTION 1400h.** 40.98 (3) (b) of the statutes is amended to read:

21 40.98 (3) (b) Provide health care coverage under one or more plans to at least
22 50% of its ~~permanent eligible employees who have a normal work week of 30 or more~~
23 ~~hours and~~ who do not otherwise receive health care coverage as a dependent under

1 any other plan that is not offered by the employer or a percentage of such employees
2 specified by the board, whichever percentage is greater.

3 History: 1999 a. 9.

SECTION 1400i. 40.98 (3) (c) of the statutes is amended to read:

4 40.98 (3) (c) Pay for each eligible employee at least 50% ~~but not more than 100%~~
5 ~~of the lowest premium rate that would be~~ of the lowest premium rate for single
6 coverage that is available to the employer for that employee's coverage under the
7 health care coverage program.

8 History: 1999 a. 9.

SECTION 1400j. 40.98 (5) of the statutes is renumbered 40.98 (5) (am). +

9 **SECTION 1400k.** 40.98 (5) (bm) of the statutes is created to read:

10 40.98 (5) (bm) Notwithstanding par. (am), the department, in consultation
11 with the board, may limit the requirement under par. (am) to compliance with s.
12 635.19.

13 **SECTION 1400L.** 40.98 (6) (b) of the statutes is amended to read:

14 40.98 (6) (b) An insurance agent may not sell any health care coverage under
15 the health care coverage program on behalf of an insurer unless he or she is employed
16 ~~by the insurer or has a contract with the insurer to sell the health care coverage on~~
17 ~~behalf of~~ listed by the insurer under s. 628.11.

18 History: 1999 a. 9.

SECTION 1400m. 40.98 (6) (d) of the statutes is repealed and recreated to read:

19 40.98 (6) (d) The board may establish training requirements that an insurance
20 agent must satisfy, in addition to any requirements under s. 628.04 (3), to sell health
21 care coverage under the health care coverage program.

22 **SECTION 1400n.** 40.98 (6m) of the statutes is created to read: Λ

23 40.98 (6m) The secretary of administration shall lapse from the appropriation
24 under s. 20.515 (2) (g) to the general fund the amounts necessary to repay the loan

1 *to* the state life insurance fund *under s. 607.25* when the secretary of administration, after
 2 consulting with the board, determines that funds in the appropriation under s.
 3 20.515 (2) (g) are sufficient to make the lapse. The amounts that are required to be
 4 lapsed under s. 20.515 (2) (g) shall equal the amount necessary to pay all principal
 5 and interest costs on the loan, less any amount that is lapsed to the general fund
 6 under s. 20.515 (2) (a) at the end of the 2001–03 fiscal biennium. The secretary of
 7 administration may lapse the amounts under s. 20.515 (2) (g) in installments.”

8 **5.** Page 1180, line 21: after that line insert:

9 “SECTION 3741d. 607.25 of the statutes is created to read:

10 **607.25 Loan to general fund.** No later than the first day of the 2nd month
 11 after the effective date of this section [revisor inserts date], the *life* ~~property~~ fund shall
 12 make a loan of \$850,000 to the general fund. Interest shall accrue on the principle
 13 balance at the average rate earned by the state on its deposits in the state investment
 14 fund during the period of the loan. The general fund shall repay the loan from
 15 moneys lapsed to the general fund from the appropriation under s. 20.515 (2) (a) at
 16 the end of the 2001–03 fiscal biennium, if any, and from moneys *lapsed* to the general fund
 17 from the appropriation under s. 20.515 (2) (g) in the amounts specified in s. 40.98
 18 (6m). If the secretary of administration determines that the moneys lapsed from
 19 these appropriations will not be sufficient to repay the loan within a reasonable
 20 period of time, as determined by the secretary and the commissioner, the secretary
 21 shall repay the loan from other moneys in the general fund.”

22 **6.** Page 1181, line 12: after that line insert:

23 “SECTION *376e* 635.02 (2) of the statutes is amended to read:

1 635.02 (2) "Case characteristics" means the demographic, actuarially based
 2 characteristics of the employees of a small employer, and the employer, if covered,
 3 such as age, sex, and geographic location and occupation, used by a small employer
 4 insurer to determine premium rates for a small employer. "Case characteristics"
 5 does not include loss or claim history, health status, occupation, duration of coverage,
 6 or other factors related to claim experience.

History: 1991 a. 39, 250; 1993 a. 112; 1995 a. 289, 453; 1997 a. 27.

7 ~~SECTION 635.05~~ (2) (a) 2. of the statutes is amended to read:

8 635.05 (2) (a) 2. An adjustment, not to exceed 15% per year, adjusted
 9 proportionally for rating periods of less than one year, for such rating factors as claim
 10 experience, health status, occupation, and duration of coverage, determined in
 11 accordance with the small employer insurer's rate manual or rating procedures.

History: 1991 a. 39, 250.

12 ~~SECTION 635.05~~ (7) of the statutes is created to read:

13 635.05 (7) Specifying the manner in which rates must be published under s.
 14 635.12.

15 ~~SECTION 635.12~~ of the statutes is created to read:

16 **635.12 Annual publication of rates.** Every small employer insurer shall
 17 annually publish the small employer insurer's current new business premium rates.
 18 The rates shall be published in the manner and according to categories required by
 19 rule under s. 635.05 (7). New business premium rates for coverage under the health
 20 care coverage program under subch. X of ch. 40 shall be published as required under
 21 s. 40.98 (2) (d).".

22 7. Page 1399, line 25: after that line insert:

23 "~~(31)~~ SMALL EMPLOYER HEALTH INSURANCE RATES.

39

INIT
APP

1 (a) The treatment of sections 635.02 (2) of the statutes first applies to policies
 2 or plans that are issued or renewed to small employers on the first day of the 13th
 3 month beginning after the effective date of this paragraph.

INIT
APP

4 (b) The treatment of section 635.05 (2) (a) 2. of the statutes first applies to
 5 policies or plans that are renewed on the first day of the 13th month beginning after
 6 the effective date of this paragraph.”

7 **8.** Page 1421, line 4: after that line insert:

8 “(3ir) SMALL EMPLOYER HEALTH INSURANCE RATES. The treatment of sections
 9 635.02 (2), 635.05 (2) (a) 2., and 635.12 of the statutes takes effect on the first day
 10 of the 13th month beginning after the effective date of this subsection.”

EFF
DATE

11 (END)

Tim (from
Serriti)

def for

① eligible employee → 632.745(5)(a)

② def of small employer → eligible employees

③ SB 81 → 800 number

Kahler, Pam

From: Fiocchi, Tim
Sent: Tuesday, June 26, 2001 1:39 PM
To: Kahler, Pam
Subject: FW: comments on LRBb1418/1

Hi Pam,

A.B. just sent this over. I talked to her a few minutes ago and she said not to change the "eligible individual" language because it would eliminate part time employees from eligibility where they might be able to be covered now if the health insurer offered it.

Feel free to call me or A.B.

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

From: Orlik, AB
Sent: Tuesday, June 26, 2001 1:35 PM
To: Fiocchi, Tim
Cc: Henning, Pamela; Borden, Phillip; Korpady, Tom
Subject: comments on LRBb1418/1

Tim-

Here are my (minimal) comments on the draft. It looks great!

- ✓ 1. Use of "eligible employee"
To be consistent, references to "employee" in ch. 635 (and elsewhere?) should be modified to refer to "eligible employee" as defined in s. 632.745 (5) (a).
- ✓ 2. Subcontracting toll-free telephone line
As in SB81, 40.98 (2) (a) 5. should be amended to read:
40.98 (2) (a) 5. The department or the administrator selected under subd.2. shall maintain a toll-free telephone number to provide information on the health care coverage program.
- NO 3. Technical note
The renumbering scheme for 40.98 (5) contained in the draft would put the header paragraph *after* sub (a) and *before* sub (b). It appears that the existing paragraphs (a) and (b) could be renumbered 1. and 2. to get around this.

If you have any questions, you or Pam Kahler are welcome to call me. I should be in the office for the remainder of the day.

A.B. Orlik
Program Manager
Office of Private Employer Health Care Coverage
P.O. Box 7931
Madison, WI 53707-7931
Phone: 608-261-0140
Fax: 608-261-0142
E-Mail: ab.orlik@etf.state.wi.us



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb1418/2
RAC&PJK:cjs:cmr

Handwritten signature

Handwritten signature

ARC:.....Hughes - AM22, Private employer health care coverage program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS ASSEMBLY AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

D. note

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

2 **1.** Page 258, line 3: increase the dollar amount for fiscal year 2001-02 by
3 \$850,000 for the purpose for which the appropriation is made.

4 **2.** Page 401, line 11: after that line insert:

5 **"SECTION 910t.** 20.515 (2) (g) of the statutes is amended to read:

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

1 the program and for lapsing to the general fund the amounts required under s. 40.98
2 (6m).”.

3 **3.** Page 533, line 4: after that line insert:

4 **“SECTION 1391h.** 40.03 (2) (it) of the statutes is created to read:

5 40.03 (2) (it) Shall promulgate, with the approval of the private employer
6 health care coverage board, all rules required for the administration of the private
7 employer health care coverage program established under subch. X.”.

8 **4.** Page 535, line 6: after that line insert:

9 **“SECTION 1400b.** 40.98 (1) (bm) of the statutes is created to read:

10 40.98 (1) (bm) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

11 **SECTION 1400c.** 40.98 (1) (d) of the statutes is amended to read:

12 40.98 (1) (d) “Employer” means any person doing business or operating an
13 organization in this state and employing at least 2 eligible employees, except that for
14 a person operating a farm business the person must employ at least one eligible
15 employee. “Employer” does not include an employer as defined in s. 40.02 (28).

16 **SECTION 1400d.** 40.98 (2) (a) 3. of the statutes is amended to read:

17 40.98 (2) (a) 3. ~~The administrator selected under subd. 2., or the department~~
18 ~~if no administrator has been selected under subd. 2.,~~ shall enter into contracts with
19 insurers who are to provide health care coverage under the health care coverage
20 program.

21 **SECTION 1400e.** 40.98 (2) (a) 4. of the statutes is amended to read:

22 40.98 (2) (a) 4. The department or the administrator selected under subd. 2.
23 shall solicit and accept bids and shall enter into a contract for marketing the health
24 care coverage program.

Insert 2-24 →

1 **SECTION 1400f.** 40.98 (2) (d) of the statutes is amended to read:

2 40.98 (2) (d) All insurance rates for health care coverage under the program
3 shall be ~~published annually in a single publication that is~~ made available to
4 employers and employees in a manner determined by the board. Rates that apply
5 to coverage for small employers, as defined in s. 635.02 (7), shall be published at least
6 annually, as required in s. 635.12. The rates may be listed by county or by any other
7 regional factor that the board considers appropriate. Annually, the board shall
8 submit a report to the appropriate standing committees under s. 13.172 (3)
9 specifying the average insurance rate for health care coverage under the program by
10 county or by any other regional factor the board considers appropriate.

11 **SECTION 1400g.** 40.98 (3) (a) of the statutes is amended to read:

12 40.98 (3) (a) Offer health care coverage under one or more plans to all of its
13 ~~permanent eligible employees who have a normal work week of 30 or more hours and,~~
14 if permitted by any plan offered by an insurer under the health care coverage
15 program, may offer health care coverage under one or more plans such a plan to any
16 of its other employees.

17 **SECTION 1400h.** 40.98 (3) (b) of the statutes is amended to read:

18 40.98 (3) (b) Provide health care coverage under one or more plans to at least
19 50% of its ~~permanent eligible employees who have a normal work week of 30 or more~~
20 ~~hours and~~ who do not otherwise receive health care coverage as a dependent under
21 any other plan that is not offered by the employer or a percentage of such employees
22 specified by the board, whichever percentage is greater.

23 **SECTION 1400i.** 40.98 (3) (c) of the statutes is amended to read:

24 40.98 (3) (c) Pay for each eligible employee at least 50% ~~but not more than 100%~~
25 ~~of the lowest premium rate that would be~~ of the lowest premium rate for single

1 coverage that is available to the employer for that employee's coverage under the
2 health care coverage program.

3 **SECTION 1400j.** 40.98 (5) of the statutes is renumbered 40.98 (5) (am).

4 **SECTION 1400k.** 40.98 (5) (bm) of the statutes is created to read:

5 40.98 (5) (bm) Notwithstanding par. (am), the department, in consultation
6 with the board, may limit the requirement under par. (am) to compliance with s.
7 635.19.

8 **SECTION 1400L.** 40.98 (6) (b) of the statutes is amended to read:

9 40.98 (6) (b) An insurance agent may not sell any health care coverage under
10 the health care coverage program on behalf of an insurer unless he or she is employed
11 by the insurer or ~~has a contract with the insurer to sell the health care coverage on~~
12 ~~behalf of~~ listed by the insurer under s. 628.11.

13 **SECTION 1400m.** 40.98 (6) (d) of the statutes is repealed and recreated to read:

14 40.98 (6) (d) The board may establish training requirements that an insurance
15 agent must satisfy, in addition to any requirements under s. 628.04 (3), to sell health
16 care coverage under the health care coverage program.

17 **SECTION 1400n.** 40.98 (6m) of the statutes is created to read:

18 40.98 (6m) The secretary of administration shall lapse from the appropriation
19 under s. 20.515 (2) (g) to the general fund the amounts necessary to repay the loan
20 from the state life insurance fund under s. 607.25 when the secretary of
21 administration, after consulting with the board, determines that funds in the
22 appropriation under s. 20.515 (2) (g) are sufficient to make the lapse. The amounts
23 that are required to be lapsed under s. 20.515 (2) (g) shall equal the amount necessary
24 to pay all principal and interest costs on the loan, less any amount that is lapsed to
25 the general fund under s. 20.515 (2) (a) at the end of the 2001–03 fiscal biennium.

1 The secretary of administration may lapse the amounts under s. 20.515 (2) (g) in
2 installments.”.

3 **5.** Page 1180, line 21: after that line insert:

4 “**SECTION 3741d.** 607.25 of the statutes is created to read:

5 **607.25 Loan to general fund.** No later than the first day of the 2nd month
6 after the effective date of this section [revisor inserts date], the life fund shall
7 make a loan of \$850,000 to the general fund. Interest shall accrue on the principle
8 balance at the average rate earned by the state on its deposits in the state investment
9 fund during the period of the loan. The general fund shall repay the loan from
10 moneys lapsed to the general fund from the appropriation under s. 20.515 (2) (a) at
11 the end of the 2001–03 fiscal biennium, if any, and from moneys lapsed to the general
12 fund from the appropriation under s. 20.515 (2) (g) in the amounts specified in s.
13 40.98 (6m). If the secretary of administration determines that the moneys lapsed
14 from these appropriations will not be sufficient to repay the loan within a reasonable
15 period of time, as determined by the secretary and the commissioner, the secretary
16 shall repay the loan from other moneys in the general fund.”.

17 **6.** Page 1181, line 12: after that line insert:

18 “**SECTION 3766e.** 635.02 (2) of the statutes is amended to read:

19 635.02 (2) “Case characteristics” means the demographic, actuarially based
20 characteristics of the employees of a small employer, and the employer, if covered,
21 such as age, sex, and geographic location ~~and occupation~~, used by a small employer
22 insurer to determine premium rates for a small employer. “Case characteristics”
23 does not include loss or claim history, health status, occupation, duration of coverage,
24 or other factors related to claim experience.

Insert 5-24 →

1 **SECTION 3766f.** 635.05 (2) (a) 2. of the statutes is amended to read:

2 635.05 (2) (a) 2. An adjustment, not to exceed 15% per year, adjusted
3 proportionally for rating periods of less than one year, for such rating factors as claim
4 experience, health status, occupation, and duration of coverage, determined in
5 accordance with the small employer insurer's rate manual or rating procedures.

6 **SECTION 3766g.** 635.05 (7) of the statutes is created to read:

7 635.05 (7) Specifying the manner in which rates must be published under s.
8 635.12.

9 **SECTION 3766j.** 635.12 of the statutes is created to read:

10 **635.12 Annual publication of rates.** Every small employer insurer shall
11 annually publish the small employer insurer's current new business premium rates.
12 The rates shall be published in the manner and according to categories required by
13 rule under s. 635.05 (7). New business premium rates for coverage under the health
14 care coverage program under subch. X of ch. 40 shall be published as required under
15 s. 40.98 (2) (d).”.

16 **7.** Page 1399, line 25: after that line insert:

17 “(3q) SMALL EMPLOYER HEALTH INSURANCE RATES.

18 (a) The treatment of section 635.02 (2) of the statutes first applies to policies
19 or plans that are issued or renewed to small employers on the first day of the 13th
20 month beginning after the effective date of this paragraph.

21 (b) The treatment of section 635.05 (2) (a) 2. of the statutes first applies to
22 policies or plans that are renewed on the first day of the 13th month beginning after
23 the effective date of this paragraph.”.

24 **8.** Page 1421, line 4: after that line insert:

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1418/2ins
RAC&PJK:cjs:cmh

INSERT 2-24

1400em

✓

1

SECTION ~~7~~. 40.98 (2) (a) 5. of the statutes is amended to read:

✓

2

40.98 (2) (a) 5. The department or the administrator selected under subd. 2.

3

shall maintain a toll-free telephone number to provide information on the health

4

care coverage program.

History: 1999 a. 9.

(END OF INSERT 2-24)

INSERT 5-24

3766ec

5

SECTION ~~7~~. 635.02 (3e) of the statutes is created to read:

✓

6

635.02 (3e) "Eligible employee" has the meaning given in s. 632.745 (5) (a).

7

SECTION ~~7~~. 635.02 (7) of the statutes is amended to read:

3766ef

8

635.02 (7) "Small employer" means, with respect to a calendar year and a plan

9

year, an employer that employed an average of at least 2 but not more than 50 eligible

10

employees on business days during the preceding calendar year, or that is reasonably

11

expected to employ an average of at least 2 but not more than 50 eligible employees

12

on business days during the current calendar year if the employer was not in

13

existence during the preceding calendar year, and that employs at least 2 eligible

14

employees on the first day of the plan year.

De ←

History: 1991 a. 39, 250; 1993 a. 112; 1995 a. 289, 453; 1997 a. 27.

(END OF INSERT 5-24)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1418/2dn
RAC&PJK:cjs:cmh

stet

This redraft makes the necessary changes related to "eligible employee" in ch. 635 (definitions of "eligible employee" and "small employer") and authorizes the administrator, as well as ETF, to maintain a toll-free telephone number. ✓

The renumbering scheme for s. 40.98 (5) is okay as it is. When s. 40.98 (5) is renumbered to s. 40.98 (5) (am), current law pars. (a) and (b) automatically become subds. 1. and 2. under par. (am). ✓

Pamela J. Kahler
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E-mail: pam.kahler@legis.state.wi.us ✓

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1418/2dn
RAC&PJK:cjs:pg

June 26, 2001

This redraft makes the necessary changes related to "eligible employee" in ch. 635 (definitions of "eligible employee" and "small employer") and authorizes the administrator, as well as ETF, to maintain a toll-free telephone number.

The renumbering scheme for s. 40.98 (5) is okay as it is. When s. 40.98 (5) is renumbered to s. 40.98 (5) (am), current law pars. (a) and (b) automatically become subs. 1. and 2. under par. (am).

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

1 administration, after consulting with the board, determines that funds in the
 2 appropriation under s. 20.515 (2) (g) are sufficient to make the lapse. The amounts
 3 that are required to be lapsed under s. 20.515 (2) (g) shall equal the amount necessary
 4 to pay all principal and interest costs on the loan, less any amount that is lapsed to
 5 the general fund under s. 20.515 (2) (a) at the end of the 2001–03 fiscal biennium.
 6 The secretary of administration may lapse the amounts under s. 20.515 (2) (g) in
 7 installments.”.

8 **5.** Page 1180, line 21: after that line insert:

9 “SECTION 3741d. 607.25 of the statutes is created to read:

10 **607.25 Loan to general fund.** No later than the first day of the 2nd month
 11 after the effective date of this section [revisor inserts date], the life fund shall
 12 make a loan of \$850,000 to the general fund. Interest shall accrue on the principle
 13 balance at the average rate earned by the state on its deposits in the state investment
 14 fund during the period of the loan. The general fund shall repay the loan from
 15 moneys lapsed to the general fund from the appropriation under s. 20.515 (2) (a) at
 16 the end of the 2001–03 fiscal biennium, if any, and from moneys lapsed to the general
 17 fund from the appropriation under s. 20.515 (2) (g) in the amounts specified in s.
 18 40.98 (6m). If the secretary of administration determines that the moneys lapsed
 19 from these appropriations will not be sufficient to repay the loan within a reasonable
 20 period of time, as determined by the secretary and the commissioner, the secretary
 21 shall repay the loan from other moneys in the general fund.”.

22 **6.** Page 1181, line 12: after that line insert:

23 “SECTION 3766e. 635.02 (2) of the statutes is amended to read:

PSD
 ?
 It would seem that
 the secretary needs an
 appropriation from which to
 make the repayment, if
 one does not exist.
 Jeff

1 635.02 (2) “Case characteristics” means the demographic, actuarially based
2 characteristics of the employees of a small employer, and the employer, if covered,
3 such as age, sex, and geographic location ~~and occupation~~, used by a small employer
4 insurer to determine premium rates for a small employer. “Case characteristics”
5 does not include loss or claim history, health status, occupation, duration of coverage,
6 or other factors related to claim experience.

7 **SECTION 3766ec.** 635.02 (3e) of the statutes is created to read:

8 635.02 (3e) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

9 **SECTION 3766ef.** 635.02 (7) of the statutes is amended to read:

10 635.02 (7) “Small employer” means, with respect to a calendar year and a plan
11 year, an employer that employed an average of at least 2 but not more than 50 cligible
12 employees on business days during the preceding calendar year, or that is reasonably
13 expected to employ an average of at least 2 but not more than 50 eligible employees
14 on business days during the current calendar year if the employer was not in
15 existence during the preceding calendar year, and that employs at least 2 eligible
16 employees on the first day of the plan year.

17 **SECTION 3766f.** 635.05 (2) (a) 2. of the statutes is amended to read:

18 635.05 (2) (a) 2. An adjustment, not to exceed 15% per year, adjusted
19 proportionally for rating periods of less than one year, for such rating factors as claim
20 experience, health status, occupation, and duration of coverage, determined in
21 accordance with the small employer insurer’s rate manual or rating procedures.

22 **SECTION 3766g.** 635.05 (7) of the statutes is created to read:

23 635.05 (7) Specifying the manner in which rates must be published under s.
24 635.12.

25 **SECTION 3766j.** 635.12 of the statutes is created to read:



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r m i s t r u m
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ARC:.....Hughes – AM22, Private employer health care coverage program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS ASSEMBLY AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

D-note
see p. 5

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

2 **1.** Page 258, line 3: increase the dollar amount for fiscal year 2001-02 by
3 \$850,000 for the purpose for which the appropriation is made.

4 **2.** Page 401, line 11: after that line insert:

5 “SECTION 910t. 20.515 (2) (g) of the statutes is amended to read:

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

1 the program and for lapsing to the general fund the amounts required under s. 40.98
2 (6m).”.

3 **3.** Page 533, line 4: after that line insert:

4 “**SECTION 1391h.** 40.03 (2) (it) of the statutes is created to read:

5 40.03 (2) (it) Shall promulgate, with the approval of the private employer
6 health care coverage board, all rules required for the administration of the private
7 employer health care coverage program established under subch. X.”.

8 **4.** Page 535, line 6: after that line insert:

9 “**SECTION 1400b.** 40.98 (1) (bm) of the statutes is created to read:

10 40.98 (1) (bm) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

11 **SECTION 1400c.** 40.98 (1) (d) of the statutes is amended to read:

12 40.98 (1) (d) “Employer” means any person doing business or operating an
13 organization in this state and employing at least 2 eligible employees, except that for
14 a person operating a farm business the person must employ at least one eligible
15 employee. “Employer” does not include an employer as defined in s. 40.02 (28).

16 **SECTION 1400d.** 40.98 (2) (a) 3. of the statutes is amended to read:

17 40.98 (2) (a) 3. ~~The administrator selected under subd. 2., or the department~~
18 ~~if no administrator has been selected under subd. 2.,~~ shall enter into contracts with
19 insurers who are to provide health care coverage under the health care coverage
20 program.

21 **SECTION 1400e.** 40.98 (2) (a) 4. of the statutes is amended to read:

22 40.98 (2) (a) 4. The department or the administrator selected under subd. 2.
23 shall solicit and accept bids and shall enter into a contract for marketing the health
24 care coverage program.

1 **SECTION 1400em.** 40.98 (2) (a) 5. of the statutes is amended to read:

2 40.98 (2) (a) 5. The department or the administrator selected under subd. 2.
3 shall maintain a toll-free telephone number to provide information on the health
4 care coverage program.

5 **SECTION 1400f.** 40.98 (2) (d) of the statutes is amended to read:

6 40.98 (2) (d) All insurance rates for health care coverage under the program
7 shall be ~~published annually in a single publication that is~~ made available to
8 employers and employees in a manner determined by the board. Rates that apply
9 to coverage for small employers, as defined in s. 635.02 (7), shall be published at least
10 annually, as required in s. 635.12. The rates may be listed by county or by any other
11 regional factor that the board considers appropriate. Annually, the board shall
12 submit a report to the appropriate standing committees under s. 13.172 (3)
13 specifying the average insurance rate for health care coverage under the program by
14 county or by any other regional factor the board considers appropriate.

15 **SECTION 1400g.** 40.98 (3) (a) of the statutes is amended to read:

16 40.98 (3) (a) Offer health care coverage under one or more plans to all of its
17 ~~permanent eligible employees who have a normal work week of 30 or more hours and,~~
18 if permitted by any plan offered by an insurer under the health care coverage
19 program, may offer health care coverage under ~~one or more plans~~ such a plan to any
20 of its other employees.

21 **SECTION 1400h.** 40.98 (3) (b) of the statutes is amended to read:

22 40.98 (3) (b) Provide health care coverage under one or more plans to at least
23 50% of its permanent eligible employees ~~who have a normal work week of 30 or more~~
24 ~~hours and~~ who do not otherwise receive health care coverage as a dependent under

1 any other plan that is not offered by the employer or a percentage of such employees
2 specified by the board, whichever percentage is greater.

3 **SECTION 1400i.** 40.98 (3) (c) of the statutes is amended to read:

4 40.98 (3) (c) Pay for each eligible employee at least 50% ~~but not more than 100%~~
5 ~~of the lowest premium rate that would be~~ of the lowest premium rate for single
6 coverage that is available to the employer for that employee's coverage under the
7 health care coverage program.

8 **SECTION 1400j.** 40.98 (5) of the statutes is renumbered 40.98 (5) (am).

9 **SECTION 1400k.** 40.98 (5) (bm) of the statutes is created to read:

10 40.98 (5) (bm) Notwithstanding par. (am), the department, in consultation
11 with the board, may limit the requirement under par. (am) to compliance with s.
12 635.19.

13 **SECTION 1400L.** 40.98 (6) (b) of the statutes is amended to read:

14 40.98 (6) (b) An insurance agent may not sell any health care coverage under
15 the health care coverage program on behalf of an insurer unless he or she is ~~employed~~
16 ~~by the insurer or has a contract with the insurer to sell the health care coverage on~~
17 ~~behalf of~~ listed by the insurer under s. 628.11.

18 **SECTION 1400m.** 40.98 (6) (d) of the statutes is repealed and recreated to read:

19 40.98 (6) (d) The board may establish training requirements that an insurance
20 agent must satisfy, in addition to any requirements under s. 628.04 (3), to sell health
21 care coverage under the health care coverage program.

22 **SECTION 1400n.** 40.98 (6m) of the statutes is created to read:

23 40.98 (6m) The secretary of administration shall lapse from the appropriation
24 under s. 20.515 (2) (g) to the general fund the amounts necessary to repay the loan
25 from the state life insurance fund under s. 607.25 when the secretary of

1 administration, after consulting with the board, determines that funds in the
2 appropriation under s. 20.515 (2) (g) are sufficient to make the lapse. The amounts
3 that are required to be lapsed under s. 20.515 (2) (g) shall equal the amount necessary
4 to pay all principal and interest costs on the loan, less any amount that is lapsed to
5 the general fund under s. 20.515 (2) (a) at the end of the 2001–03 fiscal biennium.
6 The secretary of administration may lapse the amounts under s. 20.515 (2) (g) in
7 installments.”.

8 **5.** Page 1180, line 21: after that line insert:

9 “SECTION 3741d. 607.25 of the statutes is created to read:

10 **607.25 Loan to general fund.** No later than the first day of the 2nd month
11 after the effective date of this section [revisor inserts date], the life fund shall
12 make a loan of \$850,000 to the general fund. Interest shall accrue on the principle
13 balance at the average rate earned by the state on its deposits in the state investment
14 fund during the period of the loan. The general fund shall repay the loan from
15 moneys lapsed to the general fund from the appropriation under s. 20.515 (2) (a) at
16 the end of the 2001–03 fiscal biennium, if any, and from moneys lapsed to the general
17 fund from the appropriation under s. 20.515 (2) (g) in the amounts specified in s.
18 40.98 (6m). If the secretary of administration determines that the moneys lapsed
19 from these appropriations will not be sufficient to repay the loan within a reasonable
20 period of time, as determined by the secretary and the commissioner, the secretary
21 shall ~~transfer the loan from other moneys to the general fund.~~”.

22 **6.** Page 1181, line 12: after that line insert:

23 “SECTION 3766e. 635.02 (2) of the statutes is amended to read:

*transfer from the general fund to the life fund
an amount sufficient to repay the loan*

1 635.02 (2) “Case characteristics” means the demographic, actuarially based
2 characteristics of the employees of a small employer, and the employer, if covered,
3 such as age, sex, and geographic location ~~and occupation~~, used by a small employer
4 insurer to determine premium rates for a small employer. “Case characteristics”
5 does not include loss or claim history, health status, occupation, duration of coverage,
6 or other factors related to claim experience.

7 **SECTION 3766ec.** 635.02 (3e) of the statutes is created to read:

8 635.02 (3e) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

9 **SECTION 3766ef.** 635.02 (7) of the statutes is amended to read:

10 635.02 (7) “Small employer” means, with respect to a calendar year and a plan
11 year, an employer that employed an average of at least 2 but not more than 50 eligible
12 employees on business days during the preceding calendar year, or that is reasonably
13 expected to employ an average of at least 2 but not more than 50 eligible employees
14 on business days during the current calendar year if the employer was not in
15 existence during the preceding calendar year, and that employs at least 2 eligible
16 employees on the first day of the plan year.

17 **SECTION 3766f.** 635.05 (2) (a) 2. of the statutes is amended to read:

18 635.05 (2) (a) 2. An adjustment, not to exceed 15% per year, adjusted
19 proportionally for rating periods of less than one year, for such rating factors as claim
20 experience, health status, occupation, and duration of coverage, determined in
21 accordance with the small employer insurer’s rate manual or rating procedures.

22 **SECTION 3766g.** 635.05 (7) of the statutes is created to read:

23 635.05 (7) Specifying the manner in which rates must be published under s.
24 635.12.

25 **SECTION 3766j.** 635.12 of the statutes is created to read:

D-note

Repayment

This redraft changes the language
in s. 607.25 so that the secretary of
administration ^(I) transfers from the general
fund to the life fund an amount ~~sufficient~~
sufficient to repay the loan from the life
fund if the other specified moneys are
insufficient for repayment.

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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1418/3dn
RAC&PJK:cjs:rs

June 28, 2001

This redraft changes the repayment language in s. 607.25 so that the secretary of administration *transfers* from the general fund to the life fund an amount sufficient to repay the loan from the life fund if the other specified moneys are insufficient for repayment.

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ARC:.....Hughes – AM22, Private employer health care coverage program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS ASSEMBLY AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

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

2 **1.** Page 258, line 3: increase the dollar amount for fiscal year 2001-02 by
3 \$850,000 for the purpose for which the appropriation is made.

4 **2.** Page 401, line 11: after that line insert:

5 “**SECTION 910t.** 20.515 (2) (g) of the statutes is amended to read:

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

1 the program and for lapsing to the general fund the amounts required under s. 40.98
2 (6m).”.

3 **3.** Page 533, line 4: after that line insert:

4 “**SECTION 1391h.** 40.03 (2) (it) of the statutes is created to read:

5 40.03 (2) (it) Shall promulgate, with the approval of the private employer
6 health care coverage board, all rules required for the administration of the private
7 employer health care coverage program established under subch. X.”.

8 **4.** Page 535, line 6: after that line insert:

9 “**SECTION 1400b.** 40.98 (1) (bm) of the statutes is created to read:

10 40.98 (1) (bm) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

11 **SECTION 1400c.** 40.98 (1) (d) of the statutes is amended to read:

12 40.98 (1) (d) “Employer” means any person doing business or operating an
13 organization in this state and employing at least 2 eligible employees, except that for
14 a person operating a farm business the person must employ at least one eligible
15 employee. “Employer” does not include an employer as defined in s. 40.02 (28).

16 **SECTION 1400d.** 40.98 (2) (a) 3. of the statutes is amended to read:

17 40.98 (2) (a) 3. ~~The administrator selected under subd. 2., or the department~~
18 ~~if no administrator has been selected under subd. 2.,~~ shall enter into contracts with
19 insurers who are to provide health care coverage under the health care coverage
20 program.

21 **SECTION 1400e.** 40.98 (2) (a) 4. of the statutes is amended to read:

22 40.98 (2) (a) 4. The department or the administrator selected under subd. 2.
23 shall solicit and accept bids and shall enter into a contract for marketing the health
24 care coverage program.

1 **SECTION 1400em.** 40.98 (2) (a) 5. of the statutes is amended to read:

2 40.98 (2) (a) 5. The department or the administrator selected under subd. 2.
3 shall maintain a toll-free telephone number to provide information on the health
4 care coverage program.

5 **SECTION 1400f.** 40.98 (2) (d) of the statutes is amended to read:

6 40.98 (2) (d) All insurance rates for health care coverage under the program
7 shall be ~~published annually in a single publication that is made available to~~
8 employers and employees in a manner determined by the board. Rates that apply
9 to coverage for small employers, as defined in s. 635.02 (7), shall be published at least
10 annually, as required in s. 635.12. The rates may be listed by county or by any other
11 regional factor that the board considers appropriate. Annually, the board shall
12 submit a report to the appropriate standing committees under s. 13.172 (3)
13 specifying the average insurance rate for health care coverage under the program by
14 county or by any other regional factor the board considers appropriate.

15 **SECTION 1400g.** 40.98 (3) (a) of the statutes is amended to read:

16 40.98 (3) (a) Offer health care coverage under one or more plans to all of its
17 ~~permanent eligible employees who have a normal work week of 30 or more hours and,~~
18 if permitted by any plan offered by an insurer under the health care coverage
19 program, may offer health care coverage under one or more plans such a plan to any
20 of its other employees.

21 **SECTION 1400h.** 40.98 (3) (b) of the statutes is amended to read:

22 40.98 (3) (b) Provide health care coverage under one or more plans to at least
23 50% of its ~~permanent eligible employees who have a normal work week of 30 or more~~
24 ~~hours and~~ who do not otherwise receive health care coverage as a dependent under

1 any other plan that is not offered by the employer or a percentage of such employees
2 specified by the board, whichever percentage is greater.

3 **SECTION 1400i.** 40.98 (3) (c) of the statutes is amended to read:

4 40.98 (3) (c) Pay for each eligible employee at least 50% ~~but not more than 100%~~
5 ~~of the lowest premium rate that would be~~ of the lowest premium rate for single
6 coverage that is available to the employer for that employee's coverage under the
7 health care coverage program.

8 **SECTION 1400j.** 40.98 (5) of the statutes is renumbered 40.98 (5) (am).

9 **SECTION 1400k.** 40.98 (5) (bm) of the statutes is created to read:

10 40.98 (5) (bm) Notwithstanding par. (am), the department, in consultation
11 with the board, may limit the requirement under par. (am) to compliance with s.
12 635.19.

13 **SECTION 1400L.** 40.98 (6) (b) of the statutes is amended to read:

14 40.98 (6) (b) An insurance agent may not sell any health care coverage under
15 the health care coverage program on behalf of an insurer unless he or she is employed
16 ~~by the insurer or has a contract with the insurer to sell the health care coverage on~~
17 ~~behalf of~~ listed by the insurer under s. 628.11.

18 **SECTION 1400m.** 40.98 (6) (d) of the statutes is repealed and recreated to read:

19 40.98 (6) (d) The board may establish training requirements that an insurance
20 agent must satisfy, in addition to any requirements under s. 628.04 (3), to sell health
21 care coverage under the health care coverage program.

22 **SECTION 1400n.** 40.98 (6m) of the statutes is created to read:

23 40.98 (6m) The secretary of administration shall lapse from the appropriation
24 under s. 20.515 (2) (g) to the general fund the amounts necessary to repay the loan
25 from the state life insurance fund under s. 607.25 when the secretary of

1 administration, after consulting with the board, determines that funds in the
2 appropriation under s. 20.515 (2) (g) are sufficient to make the lapse. The amounts
3 that are required to be lapsed under s. 20.515 (2) (g) shall equal the amount necessary
4 to pay all principal and interest costs on the loan, less any amount that is lapsed to
5 the general fund under s. 20.515 (2) (a) at the end of the 2001–03 fiscal biennium.
6 The secretary of administration may lapse the amounts under s. 20.515 (2) (g) in
7 installments.”.

8 **5.** Page 1180, line 21: after that line insert:

9 “SECTION 3741d. 607.25 of the statutes is created to read:

10 **607.25 Loan to general fund.** No later than the first day of the 2nd month
11 after the effective date of this section [revisor inserts date], the life fund shall
12 make a loan of \$850,000 to the general fund. Interest shall accrue on the principle
13 balance at the average rate earned by the state on its deposits in the state investment
14 fund during the period of the loan. The general fund shall repay the loan from
15 moneys lapsed to the general fund from the appropriation under s. 20.515 (2) (a) at
16 the end of the 2001–03 fiscal biennium, if any, and from moneys lapsed to the general
17 fund from the appropriation under s. 20.515 (2) (g) in the amounts specified in s.
18 40.98 (6m). If the secretary of administration determines that the moneys lapsed
19 from these appropriations will not be sufficient to repay the loan within a reasonable
20 period of time, as determined by the secretary and the commissioner, the secretary
21 shall transfer from the general fund to the life fund an amount sufficient to repay the
22 loan.”.

23 **6.** Page 1181, line 12: after that line insert:

24 “SECTION 3766e. 635.02 (2) of the statutes is amended to read:

1 635.02 (2) “Case characteristics” means the demographic, actuarially based
2 characteristics of the employees of a small employer, and the employer, if covered,
3 such as age, sex, and geographic location and occupation, used by a small employer
4 insurer to determine premium rates for a small employer. “Case characteristics”
5 does not include loss or claim history, health status, occupation, duration of coverage,
6 or other factors related to claim experience.

7 **SECTION 3766ec.** 635.02 (3e) of the statutes is created to read:

8 635.02 (3e) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

9 **SECTION 3766ef.** 635.02 (7) of the statutes is amended to read:

10 635.02 (7) “Small employer” means, with respect to a calendar year and a plan
11 year, an employer that employed an average of at least 2 but not more than 50 eligible
12 employees on business days during the preceding calendar year, or that is reasonably
13 expected to employ an average of at least 2 but not more than 50 eligible employees
14 on business days during the current calendar year if the employer was not in
15 existence during the preceding calendar year, and that employs at least 2 eligible
16 employees on the first day of the plan year.

17 **SECTION 3766f.** 635.05 (2) (a) 2. of the statutes is amended to read:

18 635.05 (2) (a) 2. An adjustment, not to exceed 15% per year, adjusted
19 proportionally for rating periods of less than one year, for such rating factors as claim
20 experience, health status, occupation, and duration of coverage, determined in
21 accordance with the small employer insurer’s rate manual or rating procedures.

22 **SECTION 3766g.** 635.05 (7) of the statutes is created to read:

23 635.05 (7) Specifying the manner in which rates must be published under s.
24 635.12.

25 **SECTION 3766j.** 635.12 of the statutes is created to read:

