



2001 SENATE BILL 81

March 8, 2001 - Introduced by Senators MOEN, ROSENZWEIG, BURKE, BRESKE, SCHULTZ, ERPENBACH, GEORGE, ROESSLER, DECKER, S. FITZGERALD, PLACHE, RISSER and M. MEYER, cosponsored by Representatives UNDERHEIM, SCHOOFF, LEIBHAM, BALOW, SCHNEIDER, SHILLING, RYBA, LADWIG, KRUG, TURNER, OTT, MUSSER, GRONEMUS, REYNOLDS, HUBER, BLACK, BERCEAU, JESKEWITZ, WARD, RILEY, MILLER, MEYERHOFER, VRAKAS, LASSA, LA FAVE, CARPENTER, PLOUFF, TOWNSEND, KREUSER, WASSERMAN, YOUNG, HUBLER and HAHN. Referred to Committee on Health, Utilities, Veterans and Military Affairs.

1 **AN ACT to amend** 40.98 (2) (a) 3., 40.98 (2) (a) 4., 40.98 (2) (a) 5., 40.98 (2) (d),
2 40.98 (3) (a), 40.98 (3) (c) and 40.98 (6) (b); and **to repeal and recreate** 40.98
3 (6) (d) of the statutes; **relating to:** the private employer health care coverage
4 program and making an appropriation.

Analysis by the Legislative Reference Bureau

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

This bill makes several changes to the terms of the private employer health care coverage program, which are as follows:

1. Currently, the administrator, or DETF if no administrator has been selected, must enter into contracts with insurers who are to provide health care coverage under the program. This bill requires that DETF must enter into such contracts.

2. Currently, DETF must solicit and accept bids and enter into a contract for marketing the program. This bill provides that either DETF or the administrator must enter into such a contract.

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3. Currently, DETF must maintain a toll-free telephone number to provide information on the program. This bill requires that either DETF or the administrator must maintain the toll-free telephone number.

4. Currently, all insurance rates for health care coverage under the program must be published annually in a single publication that is made available to employers and employees. This bill provides that all such insurance rates must be made available to employers and employees in a manner determined by the private employer health care coverage board.

5. Currently, any private employer who participates in the program must offer health care coverage to all of its permanent employees who have a normal work week of 30 or more hours and may offer health care coverage under one or more plans to any of its other employees. This bill provides that any private employer who participates in the program may offer health care coverage to employees who work less than 30 hours during a normal work week only if permitted by a plan offered by an insurer under the program.

6. Currently, any private employer who participates in the program must pay for each employee at least 50% but not more than 100% of the lowest premium rate that is available to the employer for that employee's coverage under the health care coverage program. This bill provides that the employer must pay for each employee at least 50% of the lowest premium rate for single coverage that is available to the employer for that employee's coverage under the program.

7. Currently, an insurance agent may not sell any health care coverage under the program on behalf of an insurer unless he or she is employed by the insurer or has a contract with the insurer to sell the health care coverage on behalf of the insurer. This bill provides that an agent may not sell any health care coverage under the program on behalf of an insurer unless he or she is listed by the insurer with the commissioner of insurance (commissioner). Under current law, insurers are required to provide to the commissioner, at intervals specified by the commissioner, a listing of all appointments, and renewals of appointments, of agents to do business in this state. In addition, the bill authorizes the private employer health care coverage board to establish training and certification requirements that agents must satisfy to sell health care coverage under the program. These requirements are in addition to any prelicensing or continuing education requirements set by the commissioner.

8. Currently, an insurer must specify on the first page of any policy sold under the program the amount of the commission paid to the insurance agent. This bill eliminates this requirement.

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

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

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1 40.98 (2) (a) 3. ~~The administrator selected under subd. 2., or the department~~
2 ~~if no administrator has been selected under subd. 2.,~~ shall enter into contracts with
3 insurers who are to provide health care coverage under the health care coverage
4 program.

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

6 40.98 (2) (a) 4. The department or the administrator selected under subd. 2.
7 shall solicit and accept bids and shall enter into a contract for marketing the health
8 care coverage program.

9 **SECTION 3.** 40.98 (2) (a) 5. of the statutes is amended to read:

10 40.98 (2) (a) 5. The department or the administrator selected under subd. 2.
11 shall maintain a toll-free telephone number to provide information on the health
12 care coverage program.

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

14 40.98 (2) (d) All insurance rates for health care coverage under the program
15 shall be ~~published annually in a single publication that is made available to~~
16 employers and employees in a manner determined by the board. The rates may be
17 listed by county or by any other regional factor that the board considers appropriate.
18 Annually, the board shall submit a report to the appropriate standing committees
19 under s. 13.172 (3) specifying the average insurance rate for health care coverage
20 under the program by county or by any other regional factor the board considers
21 appropriate.

22 **SECTION 5.** 40.98 (3) (a) of the statutes is amended to read:

23 40.98 (3) (a) Offer health care coverage under one or more plans to all of its
24 permanent employees who have a normal work week of 30 or more hours and, if
25 permitted by any plan offered by an insurer under the health care coverage program,

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1 may offer health care coverage under ~~one or more plans~~ such a plan to any of its other
2 employees.

3 **SECTION 6.** 40.98 (3) (c) of the statutes is amended to read:

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

8 **SECTION 7.** 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 8.** 40.98 (6) (d) of the statutes is repealed and recreated to read:

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

17 **SECTION 9. Appropriation changes.**

18 (1) PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM; OPERATING COSTS. In the
19 schedule under section 20.005 (3) of the statutes for the appropriation to the
20 department of employee trust funds under section 20.515 (2) (a) of the statutes, as
21 affected by the acts of 2001, the dollar amount is increased by \$141,600 for fiscal year
22 2000-01 to increase funding for the purpose for which the appropriation is made.

23 (2) GRANTS FOR PROGRAM ADMINISTRATOR'S COSTS. In the schedule under section
24 20.005 (3) of the statutes for the appropriation to the department of employee trust
25 funds under section 20.515 (2) (b) of the statutes, as affected by the acts of 2001, the

