

2003 DRAFTING REQUEST

Bill

Received: **08/01/2003**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Ted Kanavas (608) 266-9174**

By/Representing: **Bruce Pfaff**

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

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Kanavas@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Allow list billing by ins. co. by amending definition of group plan

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>
/?	pkahler 08/06/2003	jdyer 08/25/2003		_____			
		jdyer 08/25/2003		_____			
/1			rschluet 08/25/2003	_____	sbasford 08/25/2003		

<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	pkahler 10/28/2003	jdye 10/29/2003	rschluet 10/29/2003	_____	lnorthro 10/29/2003		
/3	pkahler 11/05/2003	jdye 11/05/2003	jfrantze 11/05/2003	_____	lnorthro 11/05/2003	mbarman 11/05/2003	
		jdye 11/05/2003		_____			

FE Sent For:

<END>

↳ Not Needed

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/3	pkahler 11/05/2003	jdye 11/05/2003	jfrantze 11/05/2003	_____	Inorthro 11/05/2003		
		jdye 11/05/2003		_____			

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/1		12/29/03 jld	rschluet 08/25/2003		sbasford 08/25/2003		

Handwritten signatures and initials:
10/29/03 CH

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

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Topic:

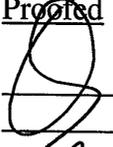
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/?	pkahler	1/8/03 jld					
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FE Sent For:

8-25-03
<END>

Kahler, Pam

From: Pfaff, Bruce
Sent: Friday, July 11, 2003 1:47 PM
To: Kahler, Pam
Subject: Drafting request for Senator Kanavas Re: Small Employer Health Insurance

Pam:

Senator Kanavas would like to draft legislation to permit what is called "list billing" for individual health insurance certificates to be billed and paid for by a single payor (the employer) for employees who are not eligible to enroll in the businesses group health plan (ie: part time employees, dependents etc. etc.). The employer would deduct the premium amount from the employees pay who would then pay the policy provider. This change in the law will allow individual health insurers to offer individual policies to employees ineligible for group coverage, list bill the premiums to the employer, and allow the employer to payroll deduct the premiums from the employees' paychecks.

The employees or their dependents will apply for coverage through the insurer. The insurer will notify the employer of the employees eligible for insurance coverage and the amount of premiums to be charged. Then on a monthly basis, the insurer will bill the employer for those premiums. The employer then deducts the billed premiums from payroll. The employer may not pay any part of the premiums or reimburse the employee for the premiums; however, the employer may set up a Section 125 cafeteria plan, which will allow the employee to deduct the premiums prior to being taxed.

The intent of this law is to facilitate the purchase of individual coverage for individuals ineligible for group coverage. Attempts to circumvent small group reform will subject individual plans to small group requirements. Insurers must be cautious as to whom they market these plans. Furthermore, insurers must inform employers and their employees that this is not group coverage. List bill is currently available in Arizona, Arkansas, Georgia, Illinois, Indiana, Iowa, Michigan, Mississippi, Missouri, Nebraska, Ohio, Pennsylvania, South Carolina, Texas, Virginia and West Virginia.

Thank you for your attention to this request, please feel free to contact me should you have any questions regarding this request.

Bruce A. Pfaff
Chief of Staff
Office of State Senator Ted Kanavas
Room 20 S. State Capitol
608.266.9174

*OCI prohibits
under*

Kahler, Pam

From: Pfaff, Bruce
Sent: Wednesday, July 30, 2003 10:40
To: Kahler, Pam
Subject: FW: Proposed List Bill Legislation.

Pam:

I am forwarding to you the email I received from an insurance company, regarding the list bill. Please feel free to call if you have an additional questions.

Thanks,
Bruce A. Pfaff
Chief of Staff
Office of State Senator Ted Kanavas
Room 20 S. State Capitol
608.266.9174
608.576.4499

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

From: Watson, Josh [mailto:jpwatson@goldenrule.com]
Sent: Thursday, July 03, 2003 3:16 PM
To: 'Pfaff, Bruce'
Subject: RE: Proposed List Bill Legislation.

Hi Bruce,

I'll check for specific language but in most states where we sell our products (AZ, AR, GA, IL, IN, IA, MI, MS, MO, NE, OH, PA, SC, TX, VA, WV), List Bill is not specifically prohibited. Some states have created it through an insurance department rule. South Carolina created through a rule just last year.

In Wisconsin, OCI, has specifically told us that List Bill is prohibited under the current definition of Small Employer Group. According to a statement we received from OCI, they consider any direct or indirect involvement by an employer to be a Small Employer Insurer (635.02(8)) and Group Health Benefit Plan (632.745(9)) based on the current statutory definition. They refer to provision INS 8.42 under Subchapter II of Insurance Administrative Code 8.01 as the rule they have promulgated to reflect this view.

I'll see if I can find a state that uses specific statutory language to create List Bill, but it may conflict with existing statutory definitions in Wisconsin.

Thanks,

Josh

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

From: Pfaff, Bruce [mailto:Bruce.Pfaff@legis.state.wi.us]
Sent: Thursday, July 03, 2003 2:39 PM

07/30/2003

To: 'jpwatson@goldenrule.com'
Subject: RE: Proposed List Bill Legislation.

Josh,
Can you or your legal dept. give me any statutory cites for states where "list benefit" is current law?

Bruce A. Pfaff
Chief of Staff
Office of State Senator Ted Kanavas
Room 20 S. State Capitol
608.266.9174
608.576.4499

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

From: jpwatson@goldenrule.com [mailto:jpwatson@goldenrule.com]
Sent: Monday, March 17, 2003 7:56 AM
To: Pfaff, Bruce
Cc: Sen.Kanavas
Subject: FW: Proposed List Bill Legislation.

Hi Bruce,

Here is the e-mail I sent to Chairman Underheim. I gave paper copies of this information to Sen. Kanavas on my last visit. I'm in DC this week so I may be slow in responding to e-mail but I can be reached on my cell phone at (317) 432-3697. Thank you for all your help.

Josh
Government Relations
Golden Rule Insurance Company

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

From: Watson, Josh
Sent: Wednesday, March 05, 2003 12:20 PM
To: 'rep.underheim@legis.state.wi.us'
Cc: 'marne.wischnewski@legis.state.wi.us'; 'randy.thorson@legis.state.wi.us'
Subject: Proposed List Bill Legislation.
Chairman Underheim,

Thank you for the update on the clearinghouse rule. Don Stitt is currently attempting to set up a meeting with Speaker Gard. I will update you on the outcome of our discussion. You may also want contact Dan Schwartzer about the proposed changes in the budget we spoke about.

Here are two attachments for list bill. The first is an in depth explanation of what we are trying to accomplish with list bill. The second attachment is a copy of the instructions and forms Golden Rule Insurance uses in other states for list bill. I think I have found a way for the employer to facilitate the premium payment pre-tax so I ran some numbers on it. We need to make sure that leg council agrees with this assessment. It is being done in the other states listed on the cover of the Golden Rule form. Here are my suggestions for enacting list bill.

Change 635.02(8) to read:

(8) "Small employer insurer" means an insurer that is authorized to do business in this state, in one or more lines of insurance that includes health insurance, and that offers group health benefit plans covering eligible employees of one or more small employers in this state, or that sells 3 or more individual health benefit plans to a small employer, covering eligible employees of the small employer AND THE SMALL EMPLOYER PAYS FOR OR

REIMBURSES ALL OR PART OF THE PREMIUM FOR THE INDIVIDUAL HEALTH BENEFIT PLAN. The term includes a health maintenance organization, as defined in s. 609.01 (2), a preferred provider plan, as defined in s. 609.01 (4), and an insurer operating as a cooperative association organized under ss. 185.981 to 185.985, but does not include a limited service health organization, as defined in s. 609.01 (3).

Also change 632.745(9) to read:

(9) "Group health benefit plan" means a health benefit plan that is issued by an insurer to or through an employer on behalf of a group consisting of at least 2 employees or a group including at least 2 eligible employees. The term includes individual health benefit plans covering eligible employees when 3 or more are sold to or through an employer PROVIDED THAT THE EMPLOYER PAYS FOR OR REIMBURSES ALL OR PART OF THE PREMIUM OF THE INDIVIDUAL HEALTH BENEFIT PLAN.

Leg Council will probably come up with cleaner language. My version is just a suggestion of where the changes can be made. I don't know if there needs to be any changes to Wisconsin law to allow an employer to set up an IRS Section 125 cafeteria plan and deduct the premium pre-tax. Leg. Council will need to look at this to avoid conflicts with Wisconsin law. Tell me what you think. I am at your disposal for questions.

Thank You,

Josh
Government Relations
Golden Rule Insurance Company
(317) 715-7274, Mobile (317) 432-3697

Josh
635.01

statement is submitted under s. Ins 8.26 (1) (c). A bond under this paragraph need not exceed \$250,000.

(4) An administrator may exclude from the calculations required under sub. (2) (b) or (3) (b) all amounts handled as administrator for any of the following:

(a) Self-insured, partially insured or divided insurance worker's compensation plans subject to s. DWD 80.60 or 80.61.

(b) Warranty plans subject to ch. Ins 15.

History: Cr. Register, April, 1992, No. 436, eff. 5-1-92; correction in (4) (a) made under s. 13.93 (2m) (b) 7., Stats., Register, June, 1997, No. 498.

Ins 8.30 Notification to office. An administrator shall notify the office in writing of any of the following within 30 days after the date of the occurrence:

(1) The cessation of business activities as an administrator. A notification under this subsection shall include the name and address of the custodian of the administrator's business records and the location of those records.

(2) Any change in the administrator's business mailing address or the location of its business records.

(3) Formal administrative action in this state or another state by an agency that regulates the business of administrators, insurance, real estate, securities or financial institutions against the administrator or any officer, director, partner or other individual having comparable responsibilities in the corporation or partnership.

(4) The conviction in this state or another state of a felony or misdemeanor, other than a misdemeanor related to the use of a motor vehicle or the violation of a fish and game regulation, of the administrator or any of the officers, directors, partners or other persons having comparable responsibilities in the corporation or partnership.

History: Cr. Register, April, 1992, No. 436, eff. 5-1-92.

Ins 8.32 Audit. In order to determine whether the financial resources of an administrator are adequate to safeguard the interests of the public and persons covered by a plan, or to determine the appropriate bond amount under s. Ins 8.28, the office may order the administrator to submit financial statements that have been audited by a certified public accountant.

History: Cr. Register, April, 1992, No. 436, eff. 5-1-92.

Subchapter III — Small Employer Health Insurance

Ins 8.40 Purpose. This subchapter interprets and implements ch. 635, Stats., and s. 149.12 (2) (e), Stats.

History: Cr. Register, October, 1992, No. 442, eff. 11-1-92; am. Register, November, 1993, No. 455, eff. 2-1-94; correction made under s. 13.93 (2m) (b) 7., Stats., Register October 2002 No. 562.

Ins 8.42 Definitions. In addition to the definitions in s. 635.02, Stats., which apply to this subchapter, in this subchapter:

(1) "Basic market share ratio" means the ratio of the number of risk characteristic basic health benefit plans in force to the total number of basic health benefit plans in force.

(2) "Commissioner" means the commissioner of insurance.

(3) "Initial enrollment period" means a period prior to issuance of a policy during which eligible employees, and dependents of eligible employees, are entitled to enroll in coverage under the policy.

(4) "Late enrollee" means an eligible employee, or dependent of an eligible employee, who does not request coverage under a policy during an enrollment period in which the individual is entitled to enroll in the policy, and who subsequently requests coverage under the policy, regardless of whether the enrollment period was held prior to, on or after the law's effective date. "Late enrollee" does not include an individual who:

(a) Did not request coverage during an enrollment period under a basic health benefit plan, is covered under the plan established under ch. 149, Stats., under s. 149.12 (2) (e), Stats., and has

not terminated eligibility for coverage under the plan established under ch. 149, Stats.; or

(b) Did not request coverage during an enrollment period for a policy other than a basic health benefit plan which commenced prior to February 1, 1994, and who was covered during the enrollment period under the plan established under ch. 149, Stats.; or

(c) Is a new entrant under sub. (7) (b) or (c).

(5) "Law's effective date" means May 12, 1992, or the first renewal date of a policy which occurs on or after May 12, 1992, whichever is later.

(6) "Market share ratio" means the ratio of the number of risk characteristic basic health benefit plans in force to the total number of policies in force.

(7) "New entrant" means an eligible employee, or the dependent of an eligible employee, who:

(a) Becomes part of an employer group on or after the law's effective date and after commencement of an initial enrollment period;

(b) Is a spouse, minor or dependent under a covered employee's policy who a court orders be covered under the policy and who requests enrollment within 30 days after issuance of the court order; or

(c) Failed to request enrollment in the policy during an enrollment period which commenced prior to, on or after the law's effective date, during which the individual was entitled to enroll in the policy, if the individual:

1. Is covered under qualifying coverage during the enrollment period and the qualifying coverage is not the plan established under ch. 149, Stats., or, if it is the plan established under ch. 149, Stats., it is obtained under s. 149.12 (2) (e), Stats.;

2. Subsequently, and on or after February 1, 1994, loses coverage under the qualifying coverage; and

3. Requests enrollment within 30 days after termination of the qualifying coverage.

(8) "Office" means the office of the commissioner.

(9) "Policy" means any of the following:

(a) A group health benefit plan issued to a small employer.

(b) An individual health benefit plan, including, but not limited to, an individual health benefit plan which is intended or designed to supplement a basic health benefit plan, issued by an insurer to an eligible employee if 3 or more eligible employees of the same small employer apply for the coverage or were intentionally excluded from applying for reasons related to their health, and the individual health benefit plan is in fact, or in substance, sold to, or through active cooperation of, the small employer, including but not limited to circumstances where:

1. Premium is collected through a direct or indirect arrangement with the small employer;

2. The individual health benefit plan is in substance a replacement for group health benefit plan coverage provided through the small employer;

3. The small employer directly or indirectly contributes toward a portion of the premium for the individual health benefit plan; or

4. An eligible employee is solicited to purchase the individual health benefit plan on the premises of the small employer and with the consent and cooperation of the small employer or the small employer participates in the solicitation of the eligible employee.

(c) For a health benefit plan that provides coverage through a trust or association, a certificate or other evidence of coverage, including, but not limited to, coverage intended or designed to supplement a basic health benefit plan, issued to an individual small employer or in fact or substance, sold to, or through the active cooperation of, the small employer, including but not limited to circumstances where:

List Billing Agreement Set-up Form

American National Life Insurance Company of Texas
Galveston, Texas

New List Billing Account
 Add to Existing List Billing Account No. _____

This form must be signed by an authorized representative of the Employer named below. It is not an application for insurance. Every person named as an Applicant herein must individually apply for coverage to American National Life Insurance Company of Texas.

Employer Information

Name of Employer

Street Address

City

State

Zip Code

Billing Address (if different)

City

State

Zip Code

Name of Contact Person:

Contact Phone:

Contact Fax:

The following guidelines must be agreed to for the set-up of the List Billing option.

The Employer understands and agrees:

1. To collect from the applicant(s) and on their behalf, submit any monthly premiums and dues as indicated on monthly List Bill Statement under Total Payment Due by the payment due date;
2. That it does not currently and will not in the future make any contribution to any portion of the Applicant's premium or fee payment or make any reimbursements for premium or fee payment to the Applicant through wage adjustment or other method, as evidenced by this Agreement, the ANL-3100 and the request for deduction of monthly premium from salary;
3. That the insurance applied for by the Applicant is neither intended nor anticipated to be an employer-sponsored health insurance plan, as defined by state and/or federal law;
4. That it does not currently and will not in the future, claim any tax benefit for the amounts remitted, such as but not limited to, Section 106, 125, or 162 of the Internal Revenue Code;
5. Billing will start following the first month after receipt and approval of the initial participant's applications;
6. That it may not obtain information relating to any Applicant's Insurance coverage other than the amount of the Applicant's payment;
7. That it has no obligation (other than stated herein), and assumes no responsibility for submitting payments for Applicants after their eligibility for the List Bill option of payment ceases;
8. That it or American National Life Insurance Company of Texas, upon giving 30 day prior written notice to the other and the affected Applicant(s), may terminate the List Billing Agreement. In the event the List Billing Agreement is terminated, the Applicant may continue coverage by submitting in a timely manner future payments directly to the Company;
9. Any premium refunds that may be due will be sent to the Applicant directly, and
10. The Employer may be liable for damages for the failure to comply with this Agreement.

**This is an important agreement.
You should read it carefully and understand it before signing below.**

NOT AVAILABLE IN ALL STATES

Signature of Employer/Authorized Representative

Title

Print Name of Employer/Authorized Representative

Date

Please list all Applicants to be included on the List Bill

Applicant Name (Please Print)	Monthly Premium
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
Total Due with Application:	\$

Are you attaching an additional sheet to list other Applicants? Yes No

PRODUCING AGENT INFORMATION

Producing Agent's Name: _____

Social Security Number: _____

Producing Agent's Statement: I certify that I have truly and accurately recorded all the information given to me by the Employer and I know of no intent by the Employer to violate any of the terms of this agreement. I have witnessed the signing of this agreement by the Employer's authorized representative. I certify that the Employer has either filled out this agreement or has personally reviewed the completed agreement.

Producing Agent Signature _____

Date _____

Agent Code _____

REQUEST FOR DEDUCTION OF MONTHLY PREMIUMS FROM SALARY

Name of employee who will pay premium:	Payroll Number or Dept.:
SS# of Premium Payor:	Certificate Number:
Name of Insured(s):	
Name of Employer:	Monthly Premium:
	First Premium Due:

To Employer:

I hereby request that you deduct from my salary each month and forward to American National Life Insurance Company of Texas, the amount of the monthly premium shown above. Such deduction shall cease upon the completion of the premium paying period as provided in the Policy, or upon written notice by me of the cancellation of this order. In addition, I understand that should the employer fail to timely submit premium on my behalf, coverage may be canceled.

(Date)

(Signature of Employee)

NOTICE to Insurance Representative:

Attach a copy of this form to the List Billing Agreement Set-up Form for each applicant to be included on the List Billing Agreement. The Employer shall retain the original.



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3050/1

PJK:.....

Jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D-note

gen cat

1 AN ACT ~~relating to~~; relating to: treating individual health insurance policies as a group
2 health insurance policy.

Analysis by the Legislative Reference Bureau

Current law contains various requirements that apply to group health insurance policies or the insurers that issue the group health insurance policies. For example, consistent with the federal Health Insurance Portability and Accountability Act ~~(HIPAA)~~, insurers that sell group health insurance policies to employers must comply with requirements related to preexisting conditions, enrollment periods, and contact renewals. Insurers that sell group health insurance policies to employers with between two and 50 employees (small employers) are subject to certain marketing standards and to certain restrictions on premium rates that may be charged for those policies.

Current law provides that the requirements related to group health insurance policies sold to employers also apply to individual health insurance policies covering employees if the insurer sells three or more to or through the employees' employer. This bill provides that the requirements that apply to group health insurance policies sold to employers apply to individual health insurance policies when three or more are sold to or through an employer only if the employer pays or reimburses the employees for all or a portion of the premiums for the individual health insurance policies.

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

1 **SECTION 1.** 632.745 (9) ~~of~~ of the statutes is amended to read:

2 632.745 (9) “Group health benefit plan” means a health benefit plan that is
3 issued by an insurer to or through an employer on behalf of a group consisting of at
4 least 2 employees or a group including at least 2 eligible employees. The term
5 includes individual health benefit plans covering eligible employees when 3 or more
6 are sold to or through an employer, but only if the employer pays, or reimburses the
7 employees for, all or a portion of the premiums for the individual health benefit plans.

8 History: 1995 a. 289, 453; 1997 a. 27; 1999 a. 9; 2001 a. 98.

8 **SECTION 2.** 635.01 of the statutes is amended to read:

9 **635.01 Scope.** This chapter applies to all group health insurance plans,
10 policies, or certificates, written on risks or operations in this state, providing
11 coverage for employees of a small employer, or employees of a small employer and the
12 employer, ~~and.~~ This chapter also applies to individual health insurance policies,
13 written on risks or operations in this state, providing coverage for employees of a
14 small employer, or employees of a small employer and the employer, when 3 or more
15 are sold to or through a small employer, but only if the small employer pays, or
16 reimburses the employees for, all or a portion of the premiums for the individual
17 health insurance policies.

18 History: 1991 a. 39; 1997 a. 27.

18 **SECTION 3.** 635.02 (8) of the statutes is amended to read:

19 635.02 (8) “Small employer insurer” means an insurer that is authorized to do
20 business in this state, in one or more lines of insurance that includes health
21 insurance, and that offers group health benefit plans covering eligible employees of
22 one or more small employers in this state, or that sells 3 or more individual health
23 benefit plans to a small employer, covering eligible employees of the small employer,
24 but only if the small employer pays, or reimburses the eligible employees for, all or

1 a portion of the premiums for the individual health benefit plans. ✓ The term includes
2 a health maintenance organization, as defined in s. 609.01 (2), a preferred provider
3 plan, as defined in s. 609.01 (4), and an insurer operating as a cooperative association
4 organized under ss. 185.981 to 185.985, but does not include a limited service health
5 organization, as defined in s. 609.01 (3).

6 **History:** 1991 a. 39, 250; 1993 a. 112; 1995 a. 289, 453; 1997 a. 27; 2001 a. 16.

(END)

D - note

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3050/dn

PJK:.....

JLE

From the background materials you sent, it does not appear to me that "list billing" needs to be authorized but that the definitions of "small employer insurer" and "group health benefit plan" are what your bill requester (Golden Rule) wants changed. The definitions, in conjunction with OCI's rules, cause individual health insurance policies to be treated in the same manner as a group health insurance policy under certain circumstances, which causes Golden Rule to be subject to certain laws or regulations that apply to group policies, or insurers selling group policies, when Golden Rule sells individual health insurance policies under the practice you describe as "list billing." Golden Rule had suggested a change to the definitions of "small employer insurer" and "group health benefit plan." That is what I have done in this draft, which limits the treatment of individual health insurance policies as group policies to those individual policies for which the employer pays, or reimburses the employees for, the cost of the premiums for the individual policies.

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

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3050/1dn
PJK:jld:rs

August 25, 2003

From the background materials you sent, it does not appear to me that "list billing" needs to be authorized but that the definitions of "small employer insurer" and "group health benefit plan" are what your bill requester (Golden Rule) wants changed. The definitions, in conjunction with OCI's rules, cause individual health insurance policies to be treated in the same manner as a group health insurance policy under certain circumstances, which causes Golden Rule to be subject to certain laws or regulations that apply to group policies, or insurers selling group policies, when Golden Rule sells individual health insurance policies under the practice you describe as "list billing." Golden Rule had suggested a change to the definitions of "small employer insurer" and "group health benefit plan." That is what I have done in this draft, which limits the treatment of individual health insurance policies as group policies to those individual policies for which the employer pays, or reimburses the employees for, the cost of the premiums for the individual policies.

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

Kahler, Pam

From: Pfaff, Bruce
Sent: Monday, September 29, 2003 3:52 PM
To: Kahler, Pam
Subject: RE: LRB-3050/1

Pam:

We have met with Rep. Gielow and representatives of the Golden Rule Ins. Co. regarding LRB-3050/1, and believe given the current interpretation of the statutes and rules by OCI we believe it is necessary to change the statute regarding permitting List Billing. Attached are suggested language changes for a re-draft of LRB-3050/1.

Also if you have any questions regarding this request or the necessity for us to change current law you may also speak with Golden Rule's Compliance Attorney, Bill Williams, at (317) 715-7962 or send him an e-mail at wowilliams@goldenrule.com <<mailto:wowilliams@goldenrule.com>>.

In addition Josh Watson of Golden rule can be contacted at 317-715-7274.

Thank you in advance for your attention to this request, please call me if you have any question regarding this request.

Regards,

Bruce A. Pfaff
Chief of Staff
Office of State Senator Ted Kanavas
Room 20 S. State Capitol
608.266.9174
608.576.4499



List Bill Letter.doc Draft.List.Bill.Legislation.do...

September 16, 2003

List Bill Brief

Golden Rule defines List Bill as:

A "List Bill" is a billing option, which allows premiums for a group of individual certificates to be paid by a single payer. It is a convenient way to pay for health insurance coverage even though each customer ultimately owns his or her own certificate.

It is not the same as employer-provided group health insurance, because each individual insured is paying 100% of that person's own premium for coverage and an employer or other third party is simply facilitating payment of the individual's personal health insurance.

Currently, Golden Rule uses List Bill in Arizona, Arkansas, Georgia, Illinois, Indiana, Iowa, Michigan, Mississippi, Missouri, Nebraska, Ohio, Pennsylvania, South Carolina, Texas, Virginia and West Virginia.

A 1998 Golden Rule memo indicated that OCI "reads the laws very broadly to consider any employer involvement in the purchase or payment as constituting a small employer insurer plan". OCI "relied upon the administrative provisions (especially 8.42) to support this notion that any direct or indirect involvement by the employer in the payment of premiums permits the conclusion that the plan is a small employer group plan".

Specifically, INS 8.42(9)(c) prohibits Golden Rule from using List Bill in Wisconsin.

INS 8.42 is based on the definitions in s. 635.02, WI Stats. Specifically, s. 635.02(8) the small employer insurer definition. The intent of this legislation is to modify s. 635.02(8) to include an exception within this definition if the employer does not pay or reimburse employees for all or a portion of the premium. This exception will allow an employer to payroll deduct a policy premium payment on behalf of one or more employees as a convenience but may not pay all or any part of the actual premium.

Draft List Bill Legislation

SECTION 1. 632.745 (9) of the statutes is amended to read:

632.745 (9) "Group health benefit plan" means a health benefit plan that is issued by ~~an insurer to or through an employer on behalf of a group consisting of~~ covering at least 2 employees ~~or a group including at least 2 eligible employees. The term includes individual of that employer or health benefit plans issued to covering eligible employees when 3 or more employees of the same are sold to or through an employer, but only if the employer pays, or reimburses the employees, for all or a portion of the premiums.~~

SECTION 2. 635.01 of the statutes is amended to read:

635.01 Scope. This chapter applies to all group health benefit insurance plans, as defined in 632.745 (9) ~~policies or certificates,~~ written on risks or operations in this state, providing coverage for employees of a small employer, ~~or employees of a small employer and the employer, and to individual health insurance policies, written on risks or operations in this state, providing coverage for employees of a small employer, or employees of a small employer and the employer when 3 or more are sold to or through a small employer.~~

SECTION 3. 635.02 (8) of the statutes is amended to read:

635.02 (8) "Small employer insurer" means an insurer that is authorized to do business in this state, in one or more lines of insurance that includes health insurance, and that offers group health benefit plans as defined in 632.745 (9), written on risks or operations in this state, providing coverage for covering eligible employees of one or more small employers in this state, or that sells 3 or more individual health benefit plans to a small employer, covering eligible employees of the small employer. The term includes a health maintenance organization, as defined in s. 609.01(2), a preferred provider plan, as defined in s. 609.01(4), and an insurer operating as a cooperative association organized under ss. 185.981 to 185.985, but does not include a limited service health organization, as defined in s. 609.01(3).



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3050²
PJK:jld:rs

revision

*SOON
(in 10-28)*

2003 BILL

the definition of ✓

- 1 AN ACT to amend 632.745 (9), 635.01 and 635.02 (8) of the statutes; relating to:
- ② ~~treating individual health insurance policies as a group health insurance~~
- ③ ~~that~~ → benefit plan ✓

Analysis by the Legislative Reference Bureau

Current law contains various requirements that apply to group health insurance policies or the insurers that issue the group health insurance policies. For example, consistent with the federal Health Insurance Portability and Accountability Act, insurers that sell group health insurance policies to employers must comply with requirements related to preexisting conditions, enrollment periods, and contract renewals. Insurers that sell group health insurance policies to employers with between 2 and 50 employees (small employers) are subject to certain marketing standards and to certain restrictions on premium rates that may be charged for those policies.

Current law provides that the requirements related to group health insurance policies sold to employers also apply to individual health insurance policies covering employees if the insurer sells three or more to or through the employees' employer. This bill provides that the requirements that apply to group health insurance policies sold to employers apply to individual health insurance policies when three or more are sold to or through an employer only if the employer pays or reimburses

BILL

Insert A ✓

the employees for all or a portion of the premiums for the individual health insurance policies.

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

SECTION 1. 632.745 (9) of the statutes is amended to read:

632.745 (9) "Group health benefit plan" means a health benefit plan that is issued by an insurer to or through an employer on behalf of a group consisting of at least 2 employees or a group including at least 2 eligible employees. The term includes individual health benefit plans covering eligible employees when 3 or more are sold to or through an employer, but only if the employer pays, or reimburses the employees for all or a portion of the premiums for the individual health benefit plans.

SECTION 2. 635.01 of the statutes is amended to read:

~~635.01 Scope. This chapter applies to all group health insurance plans, policies or certificates, written on risks or operations in this state, providing coverage for employees of a small employer, or employees of a small employer and the employer, and. This chapter also applies to individual health insurance policies, written on risks or operations in this state, providing coverage for employees of a small employer, or employees of a small employer and the employer when 3 or more are sold to or through a small employer, but only if the small employer pays, or reimburses the employees for, all or a portion of the premiums for the individual health insurance policies.~~

SECTION 3. 635.02 (8) of the statutes is amended to read:

635.02 (8) "Small employer insurer" means an insurer that is authorized to do business in this state, in one or more lines of insurance that includes health insurance, and that offers group health benefit plans covering eligible employees of

INSERT 2-17

strike ↑

of that employer or

covering

issued to

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BILL

providing coverage for

1

~~one or more small employers in this state, or that sells 3 or more individual health~~

2

~~benefit plans to a small employer, covering eligible employees of the small employer,~~

3

~~but only if the small employer pays, or reimburses the eligible employees for, all or~~

4

~~a portion of the premiums for the individual health benefit plans.~~

The term includes a health maintenance organization, as defined in s. 609.01 (2), a preferred provider plan

5

plan, as defined in s. 609.01 (4), and an insurer operating as a cooperative association

6

organized under ss. 185.981 to 185.985, but does not include a limited service health

7

organization, as defined in s. 609.01 (3).

8

9

(END)

INSERT A

→ Current law contains various requirements that apply to group health benefit plans or the insurers that issue ~~the~~ group health benefit plans. For example, consistent with the federal Health Insurance Portability and Accountability Act, insurers that sell group health benefit plans to employers must comply with requirements related to preexisting conditions, enrollment periods, and contact renewals. Insurers that sell group health benefit plans to employers with between 2 and 50 employees (small employers) are subject to certain marketing standards and to certain restrictions on premium rates that may be charged for those policies.

Generally →
← and
Current law defines a group health benefit plan as a health benefit plan that is sold to or through an employer on behalf of a group that consists of at least two employees or ~~at least two eligible employees or~~ individual health benefit plans covering eligible employees when three or more are sold to or through an employer. This bill redefines a group health benefit plan so that the requirements in current law will apply to a plan issued to or through an employer covering at least two of the employer's employees, ~~or~~ to individual health benefit plans issued to three or more employees of the same employer, only if the employer pays or reimburses the employees for all or a portion of the premiums.

(END OF INSERT A)

INSERT 2-17

1 SECTION 1. 635.01 of the statutes is amended to read:

2 635.01 Scope. This chapter applies to all group health insurance benefit
3 plans, ~~policies or certificates,~~ written on risks or operations in this state, providing
4 coverage for employees of a small employer, ~~or employees of a small employer and the~~
5 employer, ~~and to individual health insurance policies, written on risks or operations~~
6 in this state, ~~providing coverage for employees of a small employer, or employees of~~
7 a small employer and the employer when 3 or more are sold to or through a small
8 employer.

History: 1991 a. 39; 1997 a. 27.

(END OF INSERT 2-17)

Kahler, Pam

From: Pfaff, Bruce
Sent: Tuesday, November 04, 2003 4:26 PM
To: Kahler, Pam
Subject: re: LRB 3050/2 Revisions

Pam:

Senator Kanavas would like to request to simple changes to LRB-3050/2 they are as follows:

On page 2, section 1, line 5 strikeout the word "individual".

On page 2, section 3, line 21 insert "employees of a" after the phrase "providing coverage for" and replace the word "employers" with "employer."

Please contact me should you have any questions regarding this request.

Thank you,

Bruce A. Pfaff
Office of State Senator Ted Kanavas
Room 20 S. State Capitol
608.266.9174 (O)
608.576.4499 (C)

The information contained in this communication may be confidential, is intended only for the use of the recipient (s) named above, and may be legally privileged. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication, or any of its contents, is strictly prohibited. If you have received this communication in error, please return it to the sender immediately and delete the original message and any copy of it from your computer system. If you have any questions concerning this message, please contact the sender.



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3050/3

PJK:jld:rs

pmisner

2003 BILL

D-note

Regen

- 1 AN ACT to amend 632.745 (9), 635.01 and 635.02 (8) of the statutes; relating to:
2 the definition of a group health benefit plan.

Analysis by the Legislative Reference Bureau

Current law contains various requirements that apply to group health benefit plans or the insurers that issue group health benefit plans. For example, consistent with the federal Health Insurance Portability and Accountability Act, insurers that sell group health benefit plans to employers must comply with requirements related to preexisting conditions, enrollment periods, and contract renewals. Insurers that sell group health benefit plans to employers with between 2 and 50 employees are subject to certain marketing standards and to certain restrictions on premium rates that may be charged for those policies.

Current law generally defines a group health benefit plan as a health benefit plan that is sold to or through an employer on behalf of a group that consists of at least two employees or individual health benefit plans covering eligible employees when three or more are sold to or through an employer. This bill redefines a group health benefit plan so that the requirements in current law will apply to a plan issued to or through an employer covering at least two of the employer's employees, and to ~~individual~~ health benefit plans issued to three or more employees of the same employer, only if the employer pays or reimburses the employees for all or a portion of the premiums.

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

BILL

1 SECTION 1. 632.745 (9) of the statutes is amended to read:

2 632.745 (9) "Group health benefit plan" means a health benefit plan that is
3 issued by an insurer to or through an employer on behalf of a group consisting of
4 covering at least 2 employees or a group including at least 2 eligible employees. The
5 term includes of that employer or individual health benefit plans covering eligible
6 employees when issued to 3 or more are sold to or through an employees of the same
7 employer, but only if the employer pays, or reimburses the employees, for all or a
8 portion of the premiums.

9 SECTION 2. 635.01 of the statutes is amended to read:

10 **635.01 Scope.** This chapter applies to all group health insurance benefit
11 plans, policies or certificates, written on risks or operations in this state, providing
12 coverage for employees of a small employer, or employees of a small employer and the
13 employer, and to individual health insurance policies, written on risks or operations
14 in this state, providing coverage for employees of a small employer, or employees of
15 a small employer and the employer when 3 or more are sold to or through a small
16 employer.

17 SECTION 3. 635.02 (8) of the statutes is amended to read:

18 635.02 (8) "Small employer insurer" means an insurer that is authorized to do
19 business in this state, in one or more lines of insurance that includes health
20 insurance, and that offers group health benefit plans covering eligible employees of
21 one or more, providing coverage for small employers in this state, or that sells 3 or
22 more individual health benefit plans to a small employer, covering eligible employees
23 of the small employer. The term includes a health maintenance organization, as
24 defined in s. 609.01 (2), a preferred provider plan, as defined in s. 609.01 (4), and an
25 insurer operating as a cooperative association organized under ss. 185.981 to

BILL

1 185.985, but does not include a limited service health organization, as defined in s.
2 609.01 (3).

3 (END)

Insert 3-2 ✓

D-note

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3050/3ins
PJK:jld:rs

INSERT 3-2

1 **SECTION 1.** 635.02 (8) of the statutes is amended to read:

2 635.02 (8) "Small employer insurer" means an insurer that is authorized to do
3 business in this state, in one or more lines of insurance that includes health
4 insurance, and that offers group health benefit plans ~~covering eligible, providing~~
5 coverage for employees of one or more small employers in this state, or that sells 3
6 ~~or more individual health benefit plans to a small employer, covering eligible~~
7 ~~employees of the small employer.~~ The term includes a health maintenance
8 organization, as defined in s. 609.01 (2), a preferred provider plan, as defined in s.
9 609.01 (4), and an insurer operating as a cooperative association organized under ss.
10 185.981 to 185.985, but does not include a limited service health organization, as
11 defined in s. 609.01 (3).

History: 1991 a. 39, 250; 1993 a. 112; 1995 a. 289, 453; 1997 a. 27; 2001 a. 16.

(END OF INSERT 3-2)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3050/3dn

PJK:jld:rs

↑
stays

As you requested, I removed the word "individual" before "health benefit plans" in s. 632.745 (9).[✓] Instead of providing "employees of a *small employer*" in s. 635.02 (8),[✓] however, I retained the phrase "*one or more* small employers," which accomplishes the same thing and works better with the plural form of "group health benefit plans."[✓]

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

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3050/3dn
PJK:jld:rs

November 5, 2003

As you requested, I removed the word "individual" before "health benefit plans" in s. 632.745 (9). Instead of providing "employees of a *small employer*" in s. 635.02 (8), however, I retained the phrase "*one or more* small employers," which accomplishes the same thing and works better with the plural form of "group health benefit plans."

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

Northrop, Lori

From: Pfaff, Bruce
Sent: Wednesday, November 05, 2003 2:22 PM
To: LRB.Legal
Subject: Draft review: LRB 03-3050/3 Topic: Allow list billing by ins. co. by amending definition of group plan

It has been requested by <Pfaff, Bruce> that the following draft be jacketed for the SENATE:

Draft review: LRB 03-3050/3 Topic: Allow list billing by ins. co. by amending definition of group plan