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State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1300/P3
PJK:kmg:pg
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DOA:.....Jablonsky - BB0308, Changes to HIRSP

FOR 2003-05 BUDGET - NOT READY FOR INTRODUCTION

SOON
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1 AN ACT, relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

The Health Insurance Risk-Sharing Plan (HIRSP) provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV), and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition (eligible persons). Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past (eligible individuals). Responsibility for administering HIRSP is split between DHFS and a board of governors.

Under current law, a specified amount of general purpose revenue is used to pay the operating costs of HIRSP. The remainder of the operating costs are paid 60% by premiums paid by persons covered under HIRSP and 40% through insurer assessments and provider discounts, in equal amounts. Premiums and deductibles for eligible persons with annual household incomes below \$25,000 are partially subsidized with more general purpose revenue and, if that is insufficient, with further insurer assessments and provider discounts. Generally, premiums may not be set at less than 140%, nor more than 200%, of the rate that a standard risk would

or premium and deductible subsidies

→ 21% through

be charged under an individual policy providing the same coverage and deductibles as are provided under HIRSP.

Under this bill, general purpose revenue is no longer used to pay operating costs. Operating costs are paid 58% by premiums paid by covered persons, ~~through~~ *21%* through insurer assessments and provider discounts, ~~in equal amounts~~. The requirement that premiums be set at not less than 140%, nor more than 200%, of the rate that a standard risk would be charged remains the same. *→ sub. 2-A*

The bill also eliminates the premium and deductible subsidies. Thus, general purpose revenue is no longer needed for this purpose; eligible persons with incomes below \$25,000 do not pay reduced premiums; and, except for eligible persons who are eligible for Medicare, all eligible persons pay the same deductible of \$1,000.

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:

1 SECTION 1. 20.435 (4) (af) of the statutes is repealed.

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

2 SECTION 2. 20.435 (4) (ah) of the statutes is repealed.

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 SECTION 3. 25.55 (1) of the statutes is repealed.

4 SECTION 4. 25.55 (2) of the statutes is repealed.

5 SECTION 5. 149.13 (2) of the statutes is amended to read:

~~149.13 (2) Every participating insurer shall share in the operating, and administrative and subsidy expenses of the plan in proportion to the ratio of the insurer's total health care coverage revenue for residents of this state during the preceding calendar year to the aggregate health care coverage revenue of all participating insurers for residents of this state during the preceding calendar year, as determined by the commissioner.~~

12 SECTION 6. 149.14 (3) (intro.) of the statutes is amended to read:

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1 149.14 (3) COVERED EXPENSES. (intro.) Except as provided in sub. (4), except
2 as restricted by cost containment provisions under s. 149.17 (4), and except as
3 reduced by the department under ~~ss. s. 149.143 and 149.144~~, covered expenses for
4 the coverage under this section shall be the payment rates established by the
5 department under s. 149.142 for the services provided by persons licensed under ch.
6 446 and certified under s. 49.45 (2) (a) 11. Except as provided in sub. (4), except as
7 restricted by cost containment provisions under s. 149.17 (4), and except as reduced
8 by the department under ~~ss. s. 149.143 and 149.144~~, covered expenses for the
9 coverage under this section shall also be the payment rates established by the
10 department under s. 149.142 for the following services and articles if the service or
11 article is prescribed by a physician who is licensed under ch. 448 or in another state
12 and who is certified under s. 49.45 (2) (a) 11. and if the service or article is provided
13 by a provider certified under s. 49.45 (2) (a) 11.:

14 **SECTION 7.** 149.14 (4) (d) of the statutes is amended to read:

15 149.14 (4) (d) That part of any charge for services or articles rendered or
16 prescribed by a physician, a dentist, or other health care personnel that exceeds the
17 payment rate established by the department under s. 149.142 and reduced under ~~ss.~~
18 s. 149.143 and 149.144 or any charge not medically necessary.

19 **SECTION 8.** 149.14 (4m) of the statutes is amended to read:

20 149.14 (4m) PAYMENT IS PAYMENT IN FULL. Except for copayments, coinsurance,
21 or deductibles required or authorized under the plan, a provider of a covered service
22 or article shall accept as payment in full for the covered service or article the payment
23 rate determined under ~~ss. 149.142, and 149.143 and 149.144~~ and may not bill an
24 eligible person who receives the service or article for any amount by which the charge
25 for the service or article is reduced under s. 149.142, or 149.143 or 149.144.

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1 **SECTION 9.** 149.14 (5) (a) of the statutes is amended to read:

2 149.14 (5) (a) The plan shall offer a deductible in combination with appropriate
3 premiums determined under this chapter for major medical expense coverage
4 required under this section. For coverage offered to those persons eligible for
5 medicare, the plan shall offer a deductible equal to the deductible charged by part
6 A of title XVIII of the federal social security act, as amended. ~~The deductible
7 amounts for all other eligible persons shall be dependent upon household income as
8 determined under s. 149.165. For eligible persons under s. 149.165 (2) (a) 1., the
9 deductible shall be \$500. For eligible persons under s. 149.165 (2) (a) 2., the
10 deductible shall be \$600. For eligible persons under s. 149.165 (2) (a) 3., the
11 deductible shall be \$700. For eligible persons under s. 149.165 (2) (a) 4., the
12 deductible shall be \$800. For all other eligible persons who are not eligible for
13 medicare, the deductible shall be \$1,000. With respect to all eligible persons,
14 expenses used to satisfy the deductible during the last 90 days of a calendar year
15 shall also be applied to satisfy the deductible for the following calendar year.~~

16 **SECTION 10.** ~~149.142 (1) (b) of the statutes is amended to read:~~

17 ~~149.142 (1) (b) The payment rate for a prescription drug shall be the allowable
18 charge paid under s. 49.46 (2) (b) 6. h. for the prescription drug. Notwithstanding
19 s. 149.17 (4), the department may not reduce the payment rate for prescription drugs
20 below the rate specified in this paragraph, and the rate may not be adjusted under
21 s. 149.143 or 149.144.~~

22 **SECTION 11.** 149.142 (2) of the statutes is amended to read:

23 149.142 (2) Except as provided in sub. (1) (b), the rates established under this
24 section are subject to adjustment under ~~ss. s. 149.143 and 149.144.~~

25 **SECTION 12.** 149.143 (1) (a) of the statutes is repealed.

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1 SECTION 13. 149.143 (1) (b) (intro.) of the statutes is repealed.

2 SECTION 14. 149.143 (1) (b) 1. of the statutes is renumbered 149.143 (1) (am)
3 and amended to read:

4 149.143 (1) (am) A total of 60% 58% from the following sources, calculated as
5 follows:

6 1. First, from premiums from eligible persons with coverage under s. 149.14 (2)
7 (a) set at a rate that is 140% to 150% of the rate that a standard risk would be charged
8 under an individual policy providing substantially the same coverage and
9 deductibles as are provided under the plan and from eligible persons with coverage
10 under s. 149.14 (2) (b) set in accordance with s. 149.14 (5m), including amounts
11 received ~~for premium and deductible subsidies under s. 149.144~~ and under the *plan*
12 ~~transfer to the fund from the appropriation account under s. 20.435 (4) (ah)~~ and from
13 premiums collected from eligible persons with coverage under s. 149.146 set in
14 accordance with s. 149.146 (2) (b).

15 2. Second, from moneys specified under sub. (2m), to the extent that the
16 amounts under subd. 1. -a. are insufficient to pay 60% 58% of plan costs.

17 3. Third, by increasing premiums from eligible persons with coverage under s.
18 149.14 (2) (a) to more than the rate at which premiums were set under subd. 1. -a.
19 but not more than 200% of the rate that a standard risk would be charged under an
20 individual policy providing substantially the same coverage and deductibles as are
21 provided under the plan and from eligible persons with coverage under s. 149.14 (2)
22 (b) by a comparable amount in accordance with s. 149.14 (5m), including amounts
23 ~~received for premium and deductible subsidies under s. 149.144~~ and under the *Plan*
24 ~~transfer to the fund from the appropriation account under s. 20.435 (4) (ah)~~ and by
25 increasing premiums from eligible persons with coverage under s. 149.146 in

1 accordance with s. 149.146 (2) (b), to the extent that the amounts under subd. 1. a.
2 subds. 1. and b. 2. are insufficient to pay ~~60%~~ 58% of plan costs.

3 4. Fourth, notwithstanding subd. 2. par. (bm), by increasing insurer
4 assessments, ~~excluding assessments under s. 149.144,~~ and adjusting provider
5 payment rates, subject to s. 149.142 (1) (b) ~~and excluding adjustments to those rates~~
6 under s. 149.144, in equal proportions and to the extent that the amounts under
7 subd. 1. a. to e. subds. 1. to 3. are insufficient to pay ~~60%~~ 58% of plan costs.

8 SECTION 15. 149.143 (1) (b) 2. of the statutes is renumbered 149.143 (1) (bm)
9 → 149.143 (1) (bm) (intro.), as renumbered, is
and amended to read:

10 149.143 (1) (bm) (intro.) A total of ~~40%~~ 42% as follows:

11 1. Fifty percent from insurer assessments, ~~excluding assessments under s.~~

12 149.144, plain

13 2. Fifty percent from adjustments to provider payment rates, subject to s.

14 149.142 (1) (b) ~~and excluding adjustments to those rates under s. 149.144.~~

15 SECTION 16. 149.143 (2) (a) (intro.) of the statutes is amended to read:

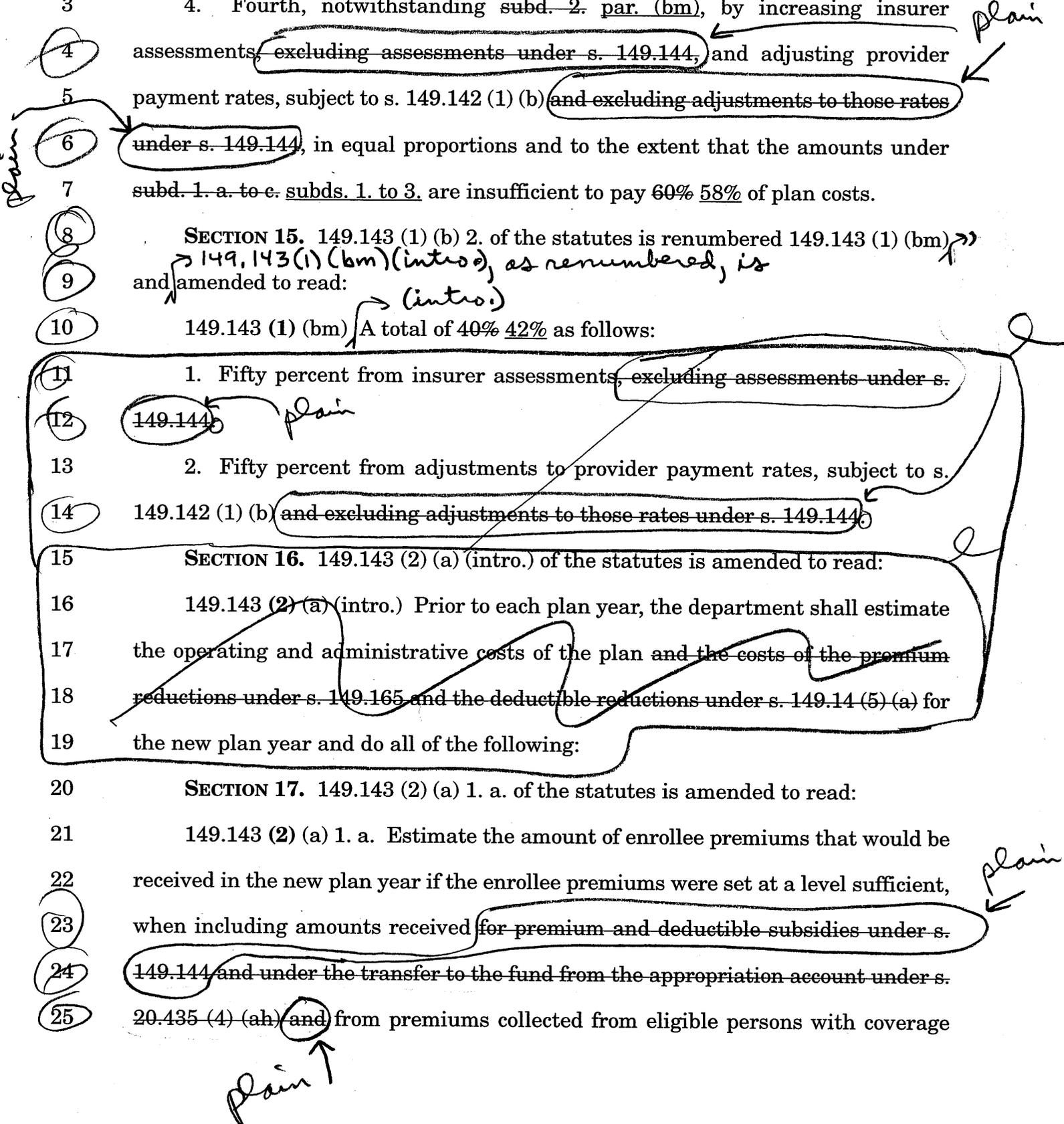
16 149.143 (2) (a) (intro.) Prior to each plan year, the department shall estimate
17 the operating and administrative costs of the plan and the costs of the premium
18 reductions under s. 149.165 and the deductible reductions under s. 149.14 (5) (a) for
19 the new plan year and do all of the following:

20 SECTION 17. 149.143 (2) (a) 1. a. of the statutes is amended to read:

21 149.143 (2) (a) 1. a. Estimate the amount of enrollee premiums that would be
22 received in the new plan year if the enrollee premiums were set at a level sufficient,
23 when including amounts received ~~for premium and deductible subsidies under s.~~

24 149.144 and under the transfer to the fund from the appropriation account under s.

25 20.435 (4) (ah) and from premiums collected from eligible persons with coverage



1 under s. 149.146 set in accordance with s. 149.146 (2) (b), to cover ~~60%~~ 58% of the
2 estimated plan costs for the new plan year, ~~after deducting from the estimated plan~~
3 ~~costs the amount available for transfer to the fund from the appropriation account~~
4 ~~under s. 20.435 (4) (af) for that plan year.~~

5 **SECTION 18.** 149.143 (2) (a) 1. b. of the statutes is amended to read:

6 149.143 (2) (a) 1. b. Estimate the amount of enrollee premiums that will be
7 received under sub. (1) ~~(b) 1. a.~~ (am) 1.

8 **SECTION 19.** 149.143 (2) (a) 2. of the statutes is amended to read:

9 149.143 (2) (a) 2. After making the determinations under subd. 1., by rule set
10 premium rates for the new plan year, including the rates under s. 149.146 (2) (b), in
11 the manner specified in sub. (1) ~~(b) 1. a. and c.~~ (am) 1. and 3. and such that a rate for
12 coverage under s. 149.14 (2) (a) is approved by the board and is not less than 140%
13 nor more than 200% of the rate that a standard risk would be charged under an
14 individual policy providing substantially the same coverage and deductibles as are
15 provided under the plan.

16 **SECTION 20.** 149.143 (2) (a) 3. of the statutes is amended to read:

17 149.143 (2) (a) 3. By rule set the total insurer assessments under s. 149.13 for
18 the new plan year by estimating and setting the assessments at the amount
19 necessary to equal the amounts specified in sub. (1) ~~(b) 1. d. and 2. a.~~ (am) 4. and (bm)
20 1. and notify the commissioner of the amount.

21 **SECTION 21.** 149.143 (2) (a) 4. of the statutes is amended to read:

22 149.143 (2) (a) 4. By the same rule as under subd. 3. adjust the provider
23 payment rate for the new plan year, subject to s. 149.142 (1) (b), by estimating and
24 setting the rate at the level necessary to equal the amounts specified in sub. (1) ~~(b)~~
25 ~~1. d. and 2. b.~~ (am) 4. and (bm) 2. and as provided in s. 149.145.

1 SECTION 22. 149.143 (2) (b) of the statutes is amended to read:

2 149.143 (2) (b) In setting the premium rates under par. (a) 2., the insurer
3 assessment amount under par. (a) 3. and the provider payment rate under par. (a)
4 4. for the new plan year, the department shall include any increase or decrease
5 necessary to reflect the amount, if any, by which the rates and amount set under par.
6 (a) for the current plan year differed from the rates and amount which would have
7 equaled the amounts specified in sub. (1) (b) (am) and (bm) in the current plan year.

8 SECTION 23. 149.143 (2m) (a) 1. of the statutes is amended to read:

9 149.143 (2m) (a) 1. The amount of premiums received in a plan year from all
10 eligible persons, ~~including amounts received for premium and deductible subsidies.~~

11 SECTION 24. 149.143 (2m) (a) 2. of the statutes is amended to read:

12 149.143 (2m) (a) 2. The amount of premiums, ~~including amounts received for~~
13 ~~premium and deductible subsidies,~~ necessary to cover ~~60%~~ 58% of the plan costs for
14 the plan year, ~~after deducting the amount transferred to the fund from the~~
15 ~~appropriation account under s. 20.435 (4) (af).~~

16 SECTION 25. 149.143 (2m) (b) 1. of the statutes is amended to read:

17 149.143 (2m) (b) 1. To reduce premiums in succeeding plan years as provided
18 in sub. (1) ~~(b) 1. b.~~ (am) 2. For eligible persons with coverage under s. 149.14 (2) (a),
19 premiums may not be reduced below 140% of the rate that a standard risk would be
20 charged under an individual policy providing substantially the same coverage and
21 deductibles as are provided under the plan.

22 SECTION 26. 149.143 (3) (a) of the statutes is amended to read:

23 149.143 (3) (a) If, during a plan year, the department determines that the
24 amounts estimated to be received as a result of the rates and amount set under sub.
25 (2) (a) 2. to 4. ~~and any adjustments in insurer assessments and the provider payment~~

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1 rate under s. 149.144 will not be sufficient to cover plan costs, the department may
2 by rule increase the premium rates set under sub. (2) (a) 2. for the remainder of the
3 plan year, subject to s. 149.146 (2) (b) and the maximum specified in sub. (2) (a) 2.,
4 by rule increase the assessments set under sub. (2) (a) 3. for the remainder of the plan
5 year, subject to sub. (1) ~~(b) 2. a.~~ (bm) 1., and by the same rule under which
6 assessments are increased adjust the provider payment rate set under sub. (2) (a) 4.
7 for the remainder of the plan year, subject to sub. (1) ~~(b) 2. b.~~ (bm) 2. and s. 149.142
8 (1) (b).

9 **SECTION 27.** 149.143 (3) (b) of the statutes is amended to read:

10 149.143 (3) (b) If the department increases premium rates and insurer
11 assessments and adjusts the provider payment rate under par. (a) and determines
12 that there will still be a deficit and that premium rates have been increased to the
13 maximum extent allowable under par. (a), the department may further adjust, in
14 equal proportions, assessments set under sub. (2) (a) 3. and the provider payment
15 rate set under sub. (2) (a) 4., without regard to sub. (1) ~~(b) 2.~~ (bm) but subject to s.
16 149.142 (1) (b).

17 **SECTION 28.** 149.143 (5) (b) of the statutes is amended to read:

18 149.143 ~~(5) (b)~~ Except as provided in sub. (3) and s. 149.144, the department
19 shall adjust the provider payment rates to meet the providers' specified portion of the
20 plan costs no more than once annually, subject to s. 149.142 (1) (b). The department
21 may not determine the adjustment on an individual provider basis or on the basis
22 of provider type, but shall determine the adjustment for all providers in the
23 aggregate, subject to s. 149.142 (1) (b).

24 **SECTION 29.** 149.144 of the statutes is repealed.

25 **SECTION 30.** 149.145 of the statutes is amended to read:

1 **149.145 Program budget.** The department, in consultation with the board,
2 shall establish a program budget for each plan year. The program budget shall be
3 based on the provider payment rates specified in s. 149.142 and in the most recent
4 ~~provider contracts that are in effect and on the funding sources specified in s. 149.143~~
5 (1), including the methodologies specified in ~~ss. 149.143, 149.144,~~ and 149.146 for
6 determining premium rates, insurer assessments, and provider payment rates.
7 Except as otherwise provided in ~~s. 149.143 (3) (a) and (b) and subject to s. 149.142~~
8 (1) (b), from the program budget the department shall derive ~~the actual provider~~
9 ~~payment rate for a plan year that reflects the providers' proportional share of the~~
10 ~~plan costs, consistent with ss. s. 149.143 and 149.144.~~ The department may not
11 implement a program budget established under this section unless it is approved by
12 the board.

13 ~~SECTION 31.~~ 149.146 (2) (a) of the statutes is amended to read:

14 ~~149.146 (2) (a) Except as specified by the department, the terms of coverage~~
15 ~~under s. 149.14, including deductible reductions under s. 149.14 (5) (a), do not apply~~
16 ~~to the coverage offered under this section. Premium reductions under s. 149.165 do~~
17 ~~not apply to the coverage offered under this section.~~

18 ~~SECTION 32.~~ 149.165 of the statutes is repealed.

19 ~~SECTION 33.~~ 601.41 (1) of the statutes is amended to read:

20 ~~601.41 (1) DUTIES.~~ The commissioner shall administer and enforce chs. 600 to
21 655 and ss. 59.52 (11) (c), 66.0137 (4) and (4m), 120.13 (2) (b) to (g), and 149.13 and
22 ~~149.144~~ and shall act as promptly as possible under the circumstances on all matters
23 placed before the commissioner.

24 ~~SECTION 34.~~ 601.415 (12) of the statutes is amended to read:

1 601.415 (12) HEALTH INSURANCE RISK-SHARING PLAN. The commissioner shall
2 perform the duties specified to be performed by the commissioner in ~~ss. s.~~ s. 149.13 and
3 149.144. The commissioner, or his or her designee, shall serve as a member of the
4 board under s. 149.15.

5 **SECTION 35.** 601.64 (1) of the statutes is amended to read:

6 601.64 (1) INJUNCTIONS AND RESTRAINING ORDERS. The commissioner may
7 commence an action in circuit court in the name of the state to restrain by temporary
8 or permanent injunction or by temporary restraining order any violation of chs. 600
9 to 655, s. 149.13 ~~or 149.144~~, any rule promulgated under chs. 600 to 655, or any order
10 issued under s. 601.41 (4). Except as provided in s. 641.20, the commissioner need
11 not show irreparable harm or lack of an adequate remedy at law in an action
12 commenced under this subsection.

13 **SECTION 36.** 601.64 (3) (a) of the statutes is amended to read:

14 601.64 (3) (a) *Restitutionary forfeiture.* Whoever violates an effective order
15 issued under s. 601.41 (4), any insurance statute or rule or s. 149.13 ~~or 149.144~~ shall
16 forfeit to the state twice the amount of any profit gained from the violation, in
17 addition to any other forfeiture or penalty imposed.

18 **SECTION 37.** 601.64 (3) (c) of the statutes is amended to read:

19 601.64 (3) (c) *Forfeiture for violation of statute or rule.* Whoever violates an
20 insurance statute or rule or s. 149.13 ~~or 149.144~~, intentionally aids a person in
21 violating an insurance statute or rule or s. 149.13 ~~or 149.144~~ or knowingly permits
22 a person over whom he or she has authority to violate an insurance statute or rule
23 or s. 149.13 ~~or 149.144~~ shall forfeit to the state not more than \$1,000 for each
24 violation. If the statute or rule imposes a duty to make a report to the commissioner,
25 each week of delay in complying with the duty is a new violation.

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

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INSERT 2-A ✓

WCH Premium and deductible subsidies are paid by increasing insurer assessments and by further reducing provider payment rates, in equal amounts.

(END OF INSERT 2-A)

INSERT 2-3 ✓

1 SECTION 1. 20.435 (4) (um) of the statutes is created to read:

2 20.435 (4) (um) *Health Insurance Risk-Sharing Plan; premium and deductible*
3 *subsidies.* ~~From~~ the Health Insurance Risk-Sharing Plan ~~fund~~ *all* moneys received *by*
4 under s. 149.144 for subsidizing, in conjunction with provider payment rate
5 adjustments under s. 149.144, premium reductions under s. 149.165 and deductible
6 reductions under s. 149.14 (5) (a).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats. ✓

7 SECTION 2. 20.435 (4) (v) of the statutes is amended to read:

8 20.435 (4) (v) ~~Health insurance risk-sharing plan~~ *Insurance Risk-Sharing*
9 *Plan; program benefits.* All moneys received by the ~~health insurance risk-sharing~~
10 ~~plan fund~~ *Health Insurance Risk-Sharing Plan*, except for moneys appropriated
11 under ~~par. pars.~~ *par.* (u) and (um), for the operating costs of the ~~health insurance~~
12 ~~risk-sharing plan~~ *Health Insurance Risk-Sharing Plan* under ch. 149, subject to s.
13 149.143 (2m).

History: 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 153 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats. ✓

(END OF INSERT 2-3)

INSERT 12-8 ✓

1 **SECTION 3.** 149.144 of the statutes is amended to read:

2 **149.144 Adjustments to insurer assessments and provider payment**
3 **rates for premium and deductible reductions.** ~~If the moneys transferred to the~~
4 ~~fund under the appropriation under s. 20.435 (4) (ah) are insufficient to reimburse~~
5 ~~the plan for premium reductions under s. 149.165 and deductible reductions under~~
6 ~~s. 149.14 (5) (a), or the department determines that the moneys transferred or to be~~
7 ~~transferred to the fund under the appropriation under s. 20.435 (4) (ah) will be~~
8 ~~insufficient to reimburse the plan for premium reductions under s. 149.165 and~~
9 ~~deductible reductions under s. 149.14 (5) (a), the~~ The department may shall, by rule,
10 adjust in equal proportions the amount of the assessment set under s. 149.143 (2) (a)
11 3. and the provider payment rate set under s. 149.143 (2) (a) 4., subject to ss. 149.142
12 (1) (b) and 149.143 (1) (b) 1. [✓] (am), sufficient to reimburse the plan for premium
13 reductions under s. 149.165 and deductible reductions under s. 149.14 (5) (a). ~~If the~~
14 ~~department makes the adjustment under this section, the~~ The department shall
15 notify the commissioner so that the commissioner may levy any increase in insurer
16 assessments.

17 History: 1997 a. 27 ss. 4840c, 4845c; 1999 a. 9; 2001 a. 16.

17 **SECTION 4.** 149.145 of the statutes is amended to read:

18 **149.145 Program budget.** The department, in consultation with the board,
19 shall establish a program budget for each plan year. The program budget shall be
20 based on the provider payment rates specified in s. 149.142 and in the most recent
21 provider contracts that are in effect and on the funding sources specified in ~~s.~~ ss.
22 149.143 (1) and 149.144, including the methodologies specified in ss. 149.143,
23 149.144, and 149.146 for determining premium rates, insurer assessments, and
24 provider payment rates. Except as otherwise provided in s. 149.143 (3) (a) and (b)

1 and subject to s. 149.142 (1) (b), from the program budget the department shall derive
2 the actual provider payment rate for a plan year that reflects the providers'
3 proportional share of the plan costs, consistent with ss. 149.143 and 149.144. The
4 department may not implement a program budget established under this section
5 unless it is approved by the board.

History: 1997 a. 27; 1999 a. 9; 2001 a. 16.

6 **SECTION 5.** 149.165 (4) of the statutes is amended to read:

7 149.165 (4) The department shall reimburse the plan for premium reductions
8 under sub. (2) and deductible reductions under s. 149.14 (5) (a) ~~with moneys~~
9 ~~transferred to the fund~~ from the appropriation account under s. 20.435 (4) ~~(ah)~~ (um).

History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165.

(END OF INSERT 12-8)

Kahler, Pam

From: Jablonsky, Sue
Sent: Friday, January 31, 2003 5:50 PM
To: Kahler, Pam
Subject: FW: FW: LRB Draft: 03-1300/P3 Changes to HIRSP

They don't think they need the separate appropriation. See note below

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

From: Cunningham, Curtis
Sent: Friday, January 31, 2003 5:37 PM
To: Jablonsky, Sue
Cc: Boroniec, Priscilla; Dombrowicki, Angela; Kristan, Margaret; Bove, Fredi-Ellen; Cunningham, Curtis; Megna, Richard
Subject: Re: FW: LRB Draft: 03-1300/P3 Changes to HIRSP

Sue,
Since we got this today it has been reviewed very quickly but here are two comments:

1) Eliminate lines 4 through 8 on page 2. The premium and deductible subsidies have been around since the eighties and are funded out of the operations appropriation so there is no need to create this appropriation.

2) Premium and deductible subsidies are also given for drug co-pays under 149.14(5)(e). Please make sure this is included in the language.

Regards,
Curtis

>>> Jablonsky, Sue 01/31/03 01:22PM >>>

funny - stat says s/b funded out of (ah)
and may provide a subsidy for persons under 2149.165 (2) (a) 1. to 5.

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

From: Schlueter, Ron
Sent: Friday, January 31, 2003 12:57 PM
To: Jablonsky, Sue
Cc: Johnston, James; Schaeffer, Carole; Hanaman, Cathlene; Haugen, Caroline
Subject: LRB Draft: 03-1300/P3 Changes to HIRSP

Following is the PDF version of draft 03-1300/P3.



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1300/1
PJK:kmg:rs

1
v mis run
Chh

DOA:.....Jablonsky - BB0308, Changes to HIRSP

FOR 2003-05 BUDGET - NOT READY FOR INTRODUCTION

SOON
(2-2)

do not
gen cut

1 AN ACT relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

The Health Insurance Risk-Sharing Plan (HIRSP) provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV), and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition (eligible persons). Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past (eligible individuals). Responsibility for administering HIRSP is split between DHFS and a board of governors.

Under current law, a specified amount of general purpose revenue is used to pay the operating costs of HIRSP. The remainder of the operating costs are paid 60% by premiums paid by persons covered under HIRSP and 40% through insurer assessments and provider discounts, in equal amounts. Premiums ~~and deductibles~~ for eligible persons with annual household incomes below \$25,000 are partially subsidized with more general purpose revenue and, if that is insufficient, with further insurer assessments and provider discounts. Generally, premiums may not be set at less than 140%, nor more than 200%, of the rate that a standard risk would

and deductibles for eligible persons with annual household incomes below \$20,000

be charged under an individual policy providing the same coverage and deductibles as are provided under HIRSP.

Under this bill, general purpose revenue is no longer used to pay operating costs or premium and deductible subsidies. Operating costs are paid 58% by premiums paid by covered persons, 21% through insurer assessments and 21% through provider discounts. The requirement that premiums be set at not less than 140%, nor more than 200%, of the rate that a standard risk would be charged remains the same. Premium and deductible subsidies are paid by increasing insurer assessments and by further reducing provider payment rates, in equal amounts.

Insert A →

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:

1 **SECTION 1.** 20.435 (4) (af) of the statutes is repealed.

 ***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

2 **SECTION 2.** 20.435 (4) (ah) of the statutes is repealed.

 ***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 3.** 20.435 (4) (um) of the statutes is created to read:

4 20.435 (4) (um) *Health Insurance Risk-Sharing Plan; premium and deductible*
5 *subsidies.* All moneys received by the Health Insurance Risk-Sharing Plan fund
6 under s. 149.144, for subsidizing, in conjunction with provider payment rate
7 adjustments under s. 149.144, premium reductions under s. 149.165 and deductible
8 reductions under s. 149.14 (5) (a).

 ***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

9 **SECTION 4.** 20.435 (4) (v) of the statutes is amended to read:

10 20.435 (4) (v) ~~*Health insurance risk-sharing plan*~~ *Insurance Risk-Sharing*
11 *Plan; program benefits.* All moneys received by the ~~health insurance risk-sharing~~
12 ~~plan fund~~ Health Insurance Risk-Sharing Plan fund, except for moneys
13 appropriated under ~~par.~~ pars. (u) and (um), for the operating costs of the health

* *Insert 2-13* →

1 ~~insurance risk sharing plan~~ Health Insurance Risk-Sharing Plan under ch. 149,
2 subject to s. 149.143 (2m).

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

Insert 3-4

3 SECTION 5. 25.55 (1) of the statutes is repealed.

4 SECTION 6. 25.55 (2) of the statutes is repealed.

5 SECTION 7. 149.143 (1) (a) of the statutes is repealed.

6 SECTION 8. 149.143 (1) (b) (intro.) of the statutes is repealed.

7 SECTION 9. 149.143 (1) (b) 1. of the statutes is renumbered 149.143 (1) (am) and
8 amended to read:

9 149.143 (1) (am) A total of ~~60%~~ 58% from the following sources, calculated as
10 follows:

11 1. First, from premiums from eligible persons with coverage under s. 149.14 (2)
12 (a) set at a rate that is 140% to 150% of the rate that a standard risk would be charged
13 under an individual policy providing substantially the same coverage and
14 deductibles as are provided under the plan and from eligible persons with coverage
15 under s. 149.14 (2) (b) set in accordance with s. 149.14 (5m), including amounts
16 received for premium ~~and deductible~~ [↓] [↘] subsidies under s. 149.144 ~~and under the~~
17 ~~transfer to the fund from the appropriation account under s. 20.435 (4) (ah), and from~~
18 premiums collected from eligible persons with coverage under s. 149.146 set in
19 accordance with s. 149.146 (2) (b).

20 2. Second, from moneys specified under sub. (2m), to the extent that the
21 amounts under subd. 1. -a. are insufficient to pay ~~60%~~ 58% of plan costs.

22 3. Third, by increasing premiums from eligible persons with coverage under s.
23 149.14 (2) (a) to more than the rate at which premiums were set under subd. 1. -a.

and prescription drug copayment

1 but not more than 200% of the rate that a standard risk would be charged under an
 2 individual policy providing substantially the same coverage and deductibles as are
 3 provided under the plan and from eligible persons with coverage under s. 149.14 (2)
 4 (b) by a comparable amount in accordance with s. 149.14 (5m), including amounts
 5 received for premium and deductible subsidies under s. 149.144 and under the
 6 ~~transfer to the fund from the appropriation account under s. 20.435 (4) (ah), and by~~
 7 increasing premiums from eligible persons with coverage under s. 149.146 in
 8 accordance with s. 149.146 (2) (b), to the extent that the amounts under ~~subd. 1. a.~~
 9 subds. 1. and b. 2. are insufficient to pay ~~60%~~ 58% of plan costs.

10 4. Fourth, notwithstanding ~~subd. 2. par. (bm),~~ by increasing insurer
 11 assessments, excluding assessments under s. 149.144, and adjusting provider
 12 payment rates, subject to s. 149.142 (1) (b) and excluding adjustments to those rates
 13 under s. 149.144, in equal proportions and to the extent that the amounts under
 14 ~~subd. 1. a. to e. subds. 1. to 3.~~ are insufficient to pay ~~60%~~ 58% of plan costs.

15 SECTION 10. 149.143 (1) (b) 2. of the statutes is renumbered 149.143 (1) (bm),
 16 and 149.143 (1) (bm) (intro.), as renumbered, is amended to read:

17 149.143 (1) (bm) (intro.) A total of ~~40%~~ 42% as follows:

18 SECTION 11. 149.143 (2) (a) 1. a. of the statutes is amended to read:

19 149.143 (2) (a) 1. a. Estimate the amount of enrollee premiums that would be
 20 received in the new plan year if the enrollee premiums were set at a level sufficient,
 21 when including amounts received for premium and deductible subsidies under s.
 22 149.144 and ~~under the transfer to the fund from the appropriation account under s.~~
 23 ~~20.435 (4) (ah)~~ and from premiums collected from eligible persons with coverage
 24 under s. 149.146 set in accordance with s. 149.146 (2) (b), to cover ~~60%~~ 58% of the
 25 estimated plan costs for the new plan year, ~~after deducting from the estimated plan~~

and prescription drug copayment

insert 4-7

1 ~~costs the amount available for transfer to the fund from the appropriation account~~
2 ~~under s. 20.435 (4) (af) for that plan year.~~

3 **SECTION 12.** 149.143 (2) (a) 1. b. of the statutes is amended to read:

4 149.143 (2) (a) 1. b. Estimate the amount of enrollee premiums that will be
5 received under sub. (1) (b) ~~1. a.~~ (am) 1.

6 **SECTION 13.** 149.143 (2) (a) 2. of the statutes is amended to read:

7 149.143 (2) (a) 2. After making the determinations under subd. 1., by rule set
8 premium rates for the new plan year, including the rates under s. 149.146 (2) (b), in
9 the manner specified in sub. (1) (b) ~~1. a. and c.~~ (am) 1. and 3. and such that a rate for
10 coverage under s. 149.14 (2) (a) is approved by the board and is not less than 140%
11 nor more than 200% of the rate that a standard risk would be charged under an
12 individual policy providing substantially the same coverage and deductibles as are
13 provided under the plan.

14 **SECTION 14.** 149.143 (2) (a) 3. of the statutes is amended to read:

15 149.143 (2) (a) 3. By rule set the total insurer assessments under s. 149.13 for
16 the new plan year by estimating and setting the assessments at the amount
17 necessary to equal the amounts specified in sub. (1) (b) ~~1. d. and 2. a.~~ (am) 4. and (bm)
18 1. and notify the commissioner of the amount.

19 **SECTION 15.** 149.143 (2) (a) 4. of the statutes is amended to read:

20 149.143 (2) (a) 4. By the same rule as under subd. 3. adjust the provider
21 payment rate for the new plan year, subject to s. 149.142 (1) (b), by estimating and
22 setting the rate at the level necessary to equal the amounts specified in sub. (1) (b)
23 ~~1. d. and 2. b.~~ (am) 4. and (bm) 2. and as provided in s. 149.145.

24 **SECTION 16.** 149.143 (2) (b) of the statutes is amended to read:

1 149.143 (2) (b) In setting the premium rates under par. (a) 2., the insurer
 2 assessment amount under par. (a) 3. and the provider payment rate under par. (a)
 3 4. for the new plan year, the department shall include any increase or decrease
 4 necessary to reflect the amount, if any, by which the rates and amount set under par.
 5 (a) for the current plan year differed from the rates and amount which would have
 6 equaled the amounts specified in sub. (1) ~~(b)~~ (am) and (bm) in the current plan year.

7 **SECTION 17.** 149.143 (2m) (a) 2. of the statutes is amended to read:

8 149.143 (2m) (a) 2. The amount of premiums, including amounts received for
 9 premium ~~and~~ deductible subsidies, necessary to cover ~~60%~~ 58% of the plan costs for
 10 the plan year, ~~after deducting the amount transferred to the fund from the~~
 11 ~~appropriation account under s. 20.435 (4) (af).~~

12 **SECTION 18.** 149.143 (2m) (b) 1. of the statutes is amended to read:

13 149.143 (2m) (b) 1. To reduce premiums in succeeding plan years as provided
 14 in sub. (1) ~~(b) 1. b.~~ (am) 2. For eligible persons with coverage under s. 149.14 (2) (a),
 15 premiums may not be reduced below 140% of the rate that a standard risk would be
 16 charged under an individual policy providing substantially the same coverage and
 17 deductibles as are provided under the plan.

18 **SECTION 19.** 149.143 (3) (a) of the statutes is amended to read:

19 149.143 (3) (a) If, during a plan year, the department determines that the
 20 amounts estimated to be received as a result of the rates and amount set under sub.
 21 (2) (a) 2. to 4. and any adjustments in insurer assessments and the provider payment
 22 rate under s. 149.144 will not be sufficient to cover plan costs, the department may
 23 by rule increase the premium rates set under sub. (2) (a) 2. for the remainder of the
 24 plan year, subject to s. 149.146 (2) (b) and the maximum specified in sub. (2) (a) 2.,
 25 by rule increase the assessments set under sub. (2) (a) 3. for the remainder of the plan

Insert 6-6

and prescription drug copayment

1 year, subject to sub. (1) (b) ~~2. a.~~ (bm) 1., and by the same rule under which
2 assessments are increased adjust the provider payment rate set under sub. (2) (a) 4.
3 for the remainder of the plan year, subject to sub. (1) (b) ~~2. b.~~ (bm) 2. and s. 149.142
4 (1) (b).

5 SECTION 20. 149.143 (3) (b) of the statutes is amended to read:

6 149.143 (3) (b) If the department increases premium rates and insurer
7 assessments and adjusts the provider payment rate under par. (a) and determines
8 that there will still be a deficit and that premium rates have been increased to the
9 maximum extent allowable under par. (a), the department may further adjust, in
10 equal proportions, assessments set under sub. (2) (a) 3. and the provider payment
11 rate set under sub. (2) (a) 4., without regard to sub. (1) (b) ~~2.~~ (bm) but subject to s.
12 149.142 (1) (b).

13 SECTION 21. 149.144 of the statutes is amended to read:

and prescription drug copayment

14 149.144 **Adjustments to insurer assessments and provider payment**
15 **rates for premium and deductible reductions.** If the moneys transferred to the
16 fund under the appropriation under s. 20.435 (4) (ah) are insufficient to reimburse
17 the plan for premium reductions under s. 149.165 and deductible reductions under
18 s. 149.14 (5) (a), or the department determines that the moneys transferred or to be
19 transferred to the fund under the appropriation under s. 20.435 (4) (ah) will be
20 insufficient to reimburse the plan for premium reductions under s. 149.165 and
21 deductible reductions under s. 149.14 (5) (a), the The department may shall, by rule,
22 adjust in equal proportions the amount of the assessment set under s. 149.143 (2) (a)
23 3. and the provider payment rate set under s. 149.143 (2) (a) 4., subject to ss. 149.142
24 (1) (b) and 149.143 (1) (b) ~~1.~~ (am), sufficient to reimburse the plan for premium
25 reductions under s. 149.165 and deductible reductions under s. 149.14 (5) (a). If the

reductions under s. 149.14 (5) (e).

Strike phrase

and any prescription drug copayment reductions

move to next page

SECTION 21

(insert text from previous page)

1 ~~department makes the adjustment under this section, the~~ The department shall
2 notify the commissioner so that the commissioner may levy any increase in insurer
3 assessments.

4 SECTION 22. 149.145 of the statutes is amended to read:

5 149.145 Program budget. The department, in consultation with the board,
6 shall establish a program budget for each plan year. The program budget shall be
7 based on the provider payment rates specified in s. 149.142 and in the most recent
8 provider contracts that are in effect and on the funding sources specified in ~~s.~~ ss.
9 149.143 (1) and 149.144, including the methodologies specified in ss. 149.143,
10 149.144, and 149.146 for determining premium rates, insurer assessments, and
11 provider payment rates. Except as otherwise provided in s. 149.143 (3) (a) and (b)
12 and subject to s. 149.142 (1) (b), from the program budget the department shall derive
13 the actual provider payment rate for a plan year that reflects the providers'
14 proportional share of the plan costs, consistent with ss. 149.143 and 149.144. The
15 department may not implement a program budget established under this section
16 unless it is approved by the board.

17 SECTION 23. 149.165 (4) of the statutes is amended to read:

18 149.165 (4) The department shall reimburse the plan for premium reductions
19 under sub. (2) ~~and deductible reductions under s. 149.14 (5) (a) with moneys~~
20 ~~transferred to the fund from the appropriation account under s. 20.435 (4) (ah) (1)(a)).~~

(END)

19
20

and prescription
drug copayment reductions
under s. 149.14 (5)(e)

Insert 8-16

(v)
(v)

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1300/lins
PJK:kmg/rsr

INSERT A

WCH In addition, the bill authorizes DHFS to provide subsidies for prescription drug copayments paid by eligible persons with annual household incomes below \$25,000. These subsidies will also be paid equally by insurer assessments and provider payment rate discounts.

(END OF INSERT A)

INSERT 2-13

1 SECTION 1. 20.435 (4) (v) of the statutes is amended to read:
2 20.435 (4) (v) ~~Health insurance risk-sharing plan~~ Insurance Risk-Sharing
3 Plan; program benefits. All moneys received by the ~~health insurance risk-sharing~~
4 ~~plan~~ Health Insurance Risk-Sharing Plan fund, except for moneys appropriated
5 under par. (u), for the operating costs of the ~~health insurance risk-sharing plan~~
6 Health Insurance Risk-Sharing Plan under ch. 149, including premium, deductible,
7 and prescription drug copayment subsidies, subject to s. 149.143 (2m).

History: 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 153 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105.

(END OF INSERT 2-13)

NOTE: bud

INSERT 3-4

8 SECTION 2. 149.14 (5) (e) ✓ of the statutes is amended to read:
9 149.14 (5) (e) Subject to sub. (8) (b), the department may, by rule under s. 149.17
10 (4), establish for prescription drug coverage under sub. (3) (d) copayment amounts,
11 coinsurance rates, and copayment and coinsurance out-of-pocket limits over which
12 the plan will pay 100% of covered costs under sub. (3) (d). The department may ✓
13 provide subsidies for prescription drug copayment amounts paid by eligible persons

1 under s. 149.165 (2) (a) 1. to 5. Any copayment amount, coinsurance rate, or
 2 out-of-pocket limit established under this paragraph is subject to the approval of the
 3 board. Copayments and coinsurance paid by an eligible person under this paragraph
 4 are separate from and do not count toward the deductible and covered costs not paid
 5 by the plan under pars. (a) to (c).

History: 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 117, 146; 1983 a. 27; 1985 a. 29 s. 3202 (30); 1985 a. 332 s. 253; 1987 a. 27, 239; 1989 a. 332; 1991 a. 39, 269; 1995 a. 463; 1997 a. 27 ss. 3026c, 4847 to 4859; Stats. 1997 s. 149.14; 1997 a. 237; 1999 a. 9, 165; 2001 a. 16.

(END OF INSERT 3-4)

INSERT 4-17

6 **SECTION 3.** 149.143 (2) (a) (intro.) of the statutes is amended to read:
 7 149.143 (2) (a) (intro.) Prior to each plan year, the department shall estimate
 8 the operating and administrative costs of the plan and the costs of the premium
 9 reductions under s. 149.165 and, the deductible reductions under s. 149.14 (5) (a),
 10 and any prescription drug copayment reductions under s. 149.14 (5) (e) for the new
 11 plan year and do all of the following:

History: 1997 a. 27; 1999 a. 9, 165; 2001 a. 16, 109.

(END OF INSERT 4-17)

INSERT 6-6

12 **SECTION 4.** 149.143 (2m) (a) 1. of the statutes is amended to read:
 13 149.143 (2m) (a) 1. The amount of premiums received in a plan year from all
 14 eligible persons, including amounts received for premium and, deductible, and
 15 prescription drug copayment subsidies.

History: 1997 a. 27; 1999 a. 9, 165; 2001 a. 16, 109.

(END OF INSERT 6-6)

INSERT 8-16

16 **SECTION 5.** 149.146 (2) (a) of the statutes is amended to read:

1 149.146 (2) (a) Except as specified by the department, the terms of coverage
2 under s. 149.14, including deductible reductions under s. 149.14 (5) (a) and
3 prescription drug copayment reductions under s. 149.14 (5) (e), do not apply to the
4 coverage offered under this section. Premium reductions under s. 149.165 do not
5 apply to the coverage offered under this section.

History: 1997 a. 27 ss. 4860c, 4860d; Stats. 1997 s. 149.146; 1997 a. 237; 1999 a. 9, 165; 2001 a. 16.
(END OF INSERT 8-16)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1300/1
PJK:kmg&cmh:rs

DOA:.....Jablonsky - BB0308, Changes to HIRSP

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

The Health Insurance Risk-Sharing Plan (HIRSP) provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV), and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition (eligible persons). Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past (eligible individuals). Responsibility for administering HIRSP is split between DHFS and a board of governors.

Under current law, a specified amount of general purpose revenue is used to pay the operating costs of HIRSP. The remainder of the operating costs are paid 60% by premiums paid by persons covered under HIRSP and 40% through insurer assessments and provider discounts, in equal amounts. Premiums for eligible persons with annual household incomes below \$25,000, and deductibles for eligible persons with annual household incomes below \$20,000, are partially subsidized with more general purpose revenue and, if that is insufficient, with further insurer assessments and provider discounts. Generally, premiums may not be set at less

than 140%, nor more than 200%, of the rate that a standard risk would be charged under an individual policy providing the same coverage and deductibles as are provided under HIRSP.

Under this bill, general purpose revenue is no longer used to pay operating costs or premium and deductible subsidies. Operating costs are paid 58% by premiums paid by covered persons, 21% through insurer assessments and 21% through provider discounts. The requirement that premiums be set at not less than 140%, nor more than 200%, of the rate that a standard risk would be charged remains the same. Premium and deductible subsidies are paid by increasing insurer assessments and by further reducing provider payment rates, in equal amounts. In addition, the bill authorizes DHFS to provide subsidies for prescription drug copayments paid by eligible persons with annual household incomes below \$25,000. These subsidies will also be paid equally by insurer assessments and provider payment rate discounts.

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:

1 **SECTION 1.** 20.435 (4) (af) of the statutes is repealed.

 ***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

2 **SECTION 2.** 20.435 (4) (ah) of the statutes is repealed.

 ***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 3.** 20.435 (4) (v) of the statutes is amended to read:

4 20.435 (4) (v) ~~Health insurance risk-sharing plan~~ Insurance Risk-Sharing
5 Plan; program benefits. All moneys received by the ~~health insurance risk-sharing~~
6 ~~plan~~ Health Insurance Risk-Sharing Plan fund, except for moneys appropriated
7 under par. (u), for the operating costs of the ~~health insurance risk-sharing plan~~
8 Health Insurance Risk-Sharing Plan under ch. 149, including premium, deductible,
9 and prescription drug copayment subsidies, subject to s. 149.143 (2m).

 ***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

10 **SECTION 4.** 25.55 (1) of the statutes is repealed.

1 **SECTION 5.** 25.55 (2) of the statutes is repealed.

2 **SECTION 6.** 149.14 (5) (e) of the statutes is amended to read:

3 149.14 (5) (e) Subject to sub. (8) (b), the department may, by rule under s. 149.17
4 (4), establish for prescription drug coverage under sub. (3) (d) copayment amounts,
5 coinsurance rates, and copayment and coinsurance out-of-pocket limits over which
6 the plan will pay 100% of covered costs under sub. (3) (d). The department may
7 provide subsidies for prescription drug copayment amounts paid by eligible persons
8 under s. 149.165 (2) (a) 1. to 5. Any copayment amount, coinsurance rate, or
9 out-of-pocket limit established under this paragraph is subject to the approval of the
10 board. Copayments and coinsurance paid by an eligible person under this paragraph
11 are separate from and do not count toward the deductible and covered costs not paid
12 by the plan under pars. (a) to (c).

13 **SECTION 7.** 149.143 (1) (a) of the statutes is repealed.

14 **SECTION 8.** 149.143 (1) (b) (intro.) of the statutes is repealed.

15 **SECTION 9.** 149.143 (1) (b) 1. of the statutes is renumbered 149.143 (1) (am) and
16 amended to read:

17 149.143 (1) (am) A total of ~~60%~~ 58% from the following sources, calculated as
18 follows:

19 1. First, from premiums from eligible persons with coverage under s. 149.14 (2)
20 (a) set at a rate that is 140% to 150% of the rate that a standard risk would be charged
21 under an individual policy providing substantially the same coverage and
22 deductibles as are provided under the plan and from eligible persons with coverage
23 under s. 149.14 (2) (b) set in accordance with s. 149.14 (5m), including amounts
24 received for premium ~~and~~, deductible, and prescription drug copayment subsidies
25 under s. 149.144 ~~and under the transfer to the fund from the appropriation account~~

1 ~~under s. 20.435 (4) (ah)~~, and from premiums collected from eligible persons with
2 coverage under s. 149.146 set in accordance with s. 149.146 (2) (b).

3 2. Second, from moneys specified under sub. (2m), to the extent that the
4 amounts under subd. 1. ~~a.~~ are insufficient to pay ~~60%~~ 58% of plan costs.

5 3. Third, by increasing premiums from eligible persons with coverage under s.
6 149.14 (2) (a) to more than the rate at which premiums were set under subd. 1. ~~a.~~
7 but not more than 200% of the rate that a standard risk would be charged under an
8 individual policy providing substantially the same coverage and deductibles as are
9 provided under the plan and from eligible persons with coverage under s. 149.14 (2)
10 (b) by a comparable amount in accordance with s. 149.14 (5m), including amounts
11 received for premium ~~and, deductible, and prescription drug copayment~~ subsidies
12 under s. 149.144 ~~and under the transfer to the fund from the appropriation account~~
13 ~~under s. 20.435 (4) (ah)~~, and by increasing premiums from eligible persons with
14 coverage under s. 149.146 in accordance with s. 149.146 (2) (b), to the extent that the
15 amounts under ~~subd. 1. a.~~ subds. 1. and b. 2. are insufficient to pay ~~60%~~ 58% of plan
16 costs.

17 4. Fourth, notwithstanding ~~subd. 2. par. (bm)~~, by increasing insurer
18 assessments, excluding assessments under s. 149.144, and adjusting provider
19 payment rates, subject to s. 149.142 (1) (b) and excluding adjustments to those rates
20 under s. 149.144, in equal proportions and to the extent that the amounts under
21 ~~subd. 1. a. to e.~~ subds. 1. to 3. are insufficient to pay ~~60%~~ 58% of plan costs.

22 **SECTION 10.** 149.143 (1) (b) 2. of the statutes is renumbered 149.143 (1) (bm),
23 and 149.143 (1) (bm) (intro.), as renumbered, is amended to read:

24 149.143 (1) (bm) (intro.) A total of ~~40%~~ 42% as follows:

25 **SECTION 11.** 149.143 (2) (a) (intro.) of the statutes is amended to read:

1 149.143 (2) (a) (intro.) Prior to each plan year, the department shall estimate
2 the operating and administrative costs of the plan and the costs of the premium
3 reductions under s. 149.165 and, the deductible reductions under s. 149.14 (5) (a),
4 and any prescription drug copayment reductions under s. 149.14 (5) (e) for the new
5 plan year and do all of the following:

6 **SECTION 12.** 149.143 (2) (a) 1. a. of the statutes is amended to read:

7 149.143 (2) (a) 1. a. Estimate the amount of enrollee premiums that would be
8 received in the new plan year if the enrollee premiums were set at a level sufficient,
9 when including amounts received for premium and, deductible, and prescription
10 drug copayment subsidies under s. 149.144 ~~and under the transfer to the fund from~~
11 ~~the appropriation account under s. 20.435 (4) (ah) and from premiums collected from~~
12 eligible persons with coverage under s. 149.146 set in accordance with s. 149.146 (2)
13 (b), to cover ~~60%~~ 58% of the estimated plan costs for the new plan year, ~~after~~
14 ~~deducting from the estimated plan costs the amount available for transfer to the fund~~
15 ~~from the appropriation account under s. 20.435 (4) (af) for that plan year.~~

16 **SECTION 13.** 149.143 (2) (a) 1. b. of the statutes is amended to read:

17 149.143 (2) (a) 1. b. Estimate the amount of enrollee premiums that will be
18 received under sub. (1) ~~(b) 1. a.~~ (am) 1.

19 **SECTION 14.** 149.143 (2) (a) 2. of the statutes is amended to read:

20 149.143 (2) (a) 2. After making the determinations under subd. 1., by rule set
21 premium rates for the new plan year, including the rates under s. 149.146 (2) (b), in
22 the manner specified in sub. (1) ~~(b) 1. a. and c.~~ (am) 1. and 3. and such that a rate for
23 coverage under s. 149.14 (2) (a) is approved by the board and is not less than 140%
24 nor more than 200% of the rate that a standard risk would be charged under an

1 individual policy providing substantially the same coverage and deductibles as are
2 provided under the plan.

3 **SECTION 15.** 149.143 (2) (a) 3. of the statutes is amended to read:

4 149.143 (2) (a) 3. By rule set the total insurer assessments under s. 149.13 for
5 the new plan year by estimating and setting the assessments at the amount
6 necessary to equal the amounts specified in sub. (1) ~~(b) 1. d. and 2. a.~~ (am) 4. and (bm)
7 1. and notify the commissioner of the amount.

8 **SECTION 16.** 149.143 (2) (a) 4. of the statutes is amended to read:

9 149.143 (2) (a) 4. By the same rule as under subd. 3. adjust the provider
10 payment rate for the new plan year, subject to s. 149.142 (1) (b), by estimating and
11 setting the rate at the level necessary to equal the amounts specified in sub. (1) ~~(b)~~
12 ~~1. d. and 2. b.~~ (am) 4. and (bm) 2. and as provided in s. 149.145.

13 **SECTION 17.** 149.143 (2) (b) of the statutes is amended to read:

14 149.143 (2) (b) In setting the premium rates under par. (a) 2., the insurer
15 assessment amount under par. (a) 3. and the provider payment rate under par. (a)
16 4. for the new plan year, the department shall include any increase or decrease
17 necessary to reflect the amount, if any, by which the rates and amount set under par.
18 (a) for the current plan year differed from the rates and amount which would have
19 equaled the amounts specified in sub. (1) ~~(b)~~ (am) and (bm) in the current plan year.

20 **SECTION 18.** 149.143 (2m) (a) 1. of the statutes is amended to read:

21 149.143 (2m) (a) 1. The amount of premiums received in a plan year from all
22 eligible persons, including amounts received for premium ~~and~~, deductible, ~~and~~
23 prescription drug copayment subsidies.

24 **SECTION 19.** 149.143 (2m) (a) 2. of the statutes is amended to read:

1 149.143 (2m) (a) 2. The amount of premiums, including amounts received for
2 premium and, deductible, and prescription drug copayment subsidies, necessary to
3 cover ~~60%~~ 58% of the plan costs for the plan year, ~~after deducting the amount~~
4 ~~transferred to the fund from the appropriation account under s. 20.435 (4) (af).~~

5 **SECTION 20.** 149.143 (2m) (b) 1. of the statutes is amended to read:

6 149.143 (2m) (b) 1. To reduce premiums in succeeding plan years as provided
7 in sub. (1) ~~(b) 1. b. (am) 2.~~ For eligible persons with coverage under s. 149.14 (2) (a),
8 premiums may not be reduced below 140% of the rate that a standard risk would be
9 charged under an individual policy providing substantially the same coverage and
10 deductibles as are provided under the plan.

11 **SECTION 21.** 149.143 (3) (a) of the statutes is amended to read:

12 149.143 (3) (a) If, during a plan year, the department determines that the
13 amounts estimated to be received as a result of the rates and amount set under sub.
14 (2) (a) 2. to 4. and any adjustments in insurer assessments and the provider payment
15 rate under s. 149.144 will not be sufficient to cover plan costs, the department may
16 by rule increase the premium rates set under sub. (2) (a) 2. for the remainder of the
17 plan year, subject to s. 149.146 (2) (b) and the maximum specified in sub. (2) (a) 2.,
18 by rule increase the assessments set under sub. (2) (a) 3. for the remainder of the plan
19 year, subject to sub. (1) ~~(b) 2. a. (bm) 1.~~, and by the same rule under which
20 assessments are increased adjust the provider payment rate set under sub. (2) (a) 4.
21 for the remainder of the plan year, subject to sub. (1) ~~(b) 2. b. (bm) 2.~~ and s. 149.142
22 (1) (b).

23 **SECTION 22.** 149.143 (3) (b) of the statutes is amended to read:

24 149.143 (3) (b) If the department increases premium rates and insurer
25 assessments and adjusts the provider payment rate under par. (a) and determines

1 that there will still be a deficit and that premium rates have been increased to the
2 maximum extent allowable under par. (a), the department may further adjust, in
3 equal proportions, assessments set under sub. (2) (a) 3. and the provider payment
4 rate set under sub. (2) (a) 4., without regard to sub. (1) (b)-2. (bm) but subject to s.
5 149.142 (1) (b).

6 **SECTION 23.** 149.144 of the statutes is amended to read:

7 **149.144 Adjustments to insurer assessments and provider payment**
8 **rates for premium and, deductible, and prescription drug copayment**
9 **reductions.** ~~If the moneys transferred to the fund under the appropriation under~~
10 ~~s. 20.435 (4) (ah) are insufficient to reimburse the plan for premium reductions under~~
11 ~~s. 149.165 and deductible reductions under s. 149.14 (5) (a), or the department~~
12 ~~determines that the moneys transferred or to be transferred to the fund under the~~
13 ~~appropriation under s. 20.435 (4) (ah) will be insufficient to reimburse the plan for~~
14 ~~premium reductions under s. 149.165 and deductible reductions under s. 149.14 (5)~~
15 ~~(a), the~~ The department may shall, by rule, adjust in equal proportions the amount
16 of the assessment set under s. 149.143 (2) (a) 3. and the provider payment rate set
17 under s. 149.143 (2) (a) 4., subject to ss. 149.142 (1) (b) and 149.143 (1) (b)-1. (am),
18 sufficient to reimburse the plan for premium reductions under s. 149.165 and,
19 deductible reductions under s. 149.14 (5) (a). ~~If the department makes the~~
20 ~~adjustment under this section, the, and any prescription drug copayment reductions~~
21 ~~under s. 149.14 (5) (e).~~ The department shall notify the commissioner so that the
22 commissioner may levy any increase in insurer assessments.

23 **SECTION 24.** 149.145 of the statutes is amended to read:

24 **149.145 Program budget.** The department, in consultation with the board,
25 shall establish a program budget for each plan year. The program budget shall be

1 based on the provider payment rates specified in s. 149.142 and in the most recent
2 provider contracts that are in effect and on the funding sources specified in ~~s. ss.~~
3 149.143 (1) and 149.144, including the methodologies specified in ss. 149.143,
4 149.144, and 149.146 for determining premium rates, insurer assessments, and
5 provider payment rates. Except as otherwise provided in s. 149.143 (3) (a) and (b)
6 and subject to s. 149.142 (1) (b), from the program budget the department shall derive
7 the actual provider payment rate for a plan year that reflects the providers'
8 proportional share of the plan costs, consistent with ss. 149.143 and 149.144. The
9 department may not implement a program budget established under this section
10 unless it is approved by the board.

11 **SECTION 25.** 149.146 (2) (a) of the statutes is amended to read:

12 149.146 (2) (a) Except as specified by the department, the terms of coverage
13 under s. 149.14, including deductible reductions under s. 149.14 (5) (a) and
14 prescription drug copayment reductions under s. 149.14 (5) (e), do not apply to the
15 coverage offered under this section. Premium reductions under s. 149.165 do not
16 apply to the coverage offered under this section.

17 **SECTION 26.** 149.165 (4) of the statutes is amended to read:

18 149.165 (4) The department shall reimburse the plan for premium reductions
19 under sub. (2) ~~and~~, deductible reductions under s. 149.14 (5) (a) ~~with moneys~~
20 ~~transferred to the fund~~, and prescription drug copayment reductions under s. 149.14
21 (5) (e) from the appropriation account under s. 20.435 (4) (ah) (v).

22 (END)