

2003 DRAFTING REQUEST

Bill

Received: **01/14/2003**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Blaine**

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

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **jkreye**

Subject: **Health - medical assistance**

Extra Copies: **RLR, PJK**

Submit via email: **NO**

Pre Topic:

DOA:.....Blaine - BB0324,

Topic:

Provider assessment on health maintenance organizations

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>
/?				_____			S&L
/P1	dkennedy 01/20/2003 jkreye 01/21/2003	wjackson 01/21/2003 chanaman 01/22/2003	pgreensl 01/21/2003	_____	lemery 01/21/2003		S&L
/P2			pgreensl 01/22/2003	_____	amentkow 01/22/2003		S&L
/1	dkennedy 01/25/2003	wjackson 01/27/2003	jfrantze 01/27/2003	_____	sbasford 01/27/2003		S&L

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/2	dkennedy 01/29/2003	wjackson 01/30/2003	chaugen 01/30/2003	_____	lemery 01/30/2003		S&L
/3	dkennedy 02/09/2003	jdyer 02/10/2003	jfrantze 02/10/2003	_____	mbarman 02/10/2003		

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13 2/10 jld To Ball 2/10 2/10

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Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

1 WLj

CH
1-30

CH
RS 1-30

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FE Sent For:

Jb 1/27 *Jb/Pg 1/27*

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/?							S&L
/P1	dkennedy 01/20/2003 jkreye 01/21/2003	wjackson 01/21/2003	pgreensl 01/21/2003 <i>Yoo</i> <i>P8</i>	<i>1/22</i> <i>self</i>	lemery 01/21/2003		

FE Sent For:

<END>

2003 DRAFTING REQUEST

Bill

Received: 01/14/2003

Received By: dkennedy

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 267-7980

By/Representing: Blaine

This file may be shown to any legislator: NO

Drafter: dkennedy

May Contact:

Addl. Drafters: jkreye

Subject: Health - medical assistance

Extra Copies: RLR, PJK

Submit via email: ~~YES~~ NO

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Blaine - BB0324,

Topic:

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Instructions:

See Attached

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1/?	dkennedy	p1 Wlj 1/21	1/21 ps	1/21 ps/cph			S&L

FE Sent For:

<END>



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Division of Executive Budget and Finance
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1736
Fax (608) 267-0372
TTY (608) 267-9629

Date: January 3, 2003

To: Steve Miller, Chief
Legislative Reference Bureau

From: Robert Blaine, Executive Policy and Budget Analyst
State Budget Office

Subject: Statutory Language Requests – Department of Health and Family Services

Attached are 2 additional statutory language requests for the 2003-05 biennial budget. All items are related to the Medical Assistance program administered by the Department of Health and Family Services. The items include:

- Institute 1% provider assessment on Health Maintenance Organizations
- Institute 1% provider assessment on Hospitals

Please contact either myself (267-7980) or Jim Johnston (266-3420) if you have any questions.

~~SECRET~~

Agency: Department of Health and Family Services

SBO Analyst: Robert Blaine (7-7980)

Title: Institute 1% provider assessment on Health Maintenance Organizations

Purpose of Draft: The purpose of this item is to institute a 1% tax on gross revenue generated by all Health Maintenance Organizations in the state of Wisconsin. The revenue generated from this assessment will be used to make incentive payments under the Medical Assistance program.

- Revenue from the assessment will be collected by the Department of Health and Family Services and will be deposited in the Medical Assistance Trust Fund appropriation under s. 25.77. This section will need to be modified to allow for the receipt of such assessment revenue. Please note draft 0194 already broadens the purpose of the Trust Fund to accept revenues from an assessment on licensed nursing home beds – this draft could be used as a model. 0207
- The incentive payments to HMOs will be based on a formula determined by the department, but will account for the number of MA recipients served by an HMO. New language under s. 49.45 should be crafted to allow for such a payment.
- The effective date of the assessment will be July 1, 2004. The department will establish the assessment level for each provider at the start of the calendar year, and providers will pay the assessment quarterly. For example, on January 1, 2004, the department will establish the assessment based on 2003 gross revenues. The provider will then pay 1/4 of this amount by March 31, 1/2 by June 30, 3/4 by September 30, and the remaining amount by December 31. A model for this assessment (which is not as specific, which would be fine) can be found under the HIRSP program under s. 149.13 (3).
- A new SEG biennial aids to individuals and organizations appropriation should be created for the receipt of this revenue, and for incentive payments made to HMOs.

Priority: High

BB0324



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1486/P1
DAK&JTK:./...
WLJ

D-NOTE

DOA:.....Blaine - BB0324, Provider assessment on health maintenance organizations

FOR 2003-05 BUDGET - NOT READY FOR INTRODUCTION

in 1-21-03

LPS: Please fix request sheet.

DO NOT GEN

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

HMO

Analysis by the Legislative Reference Bureau
HEALTH AND HUMAN SERVICES ✓
MEDICAL ASSISTANCE ✓

(HMOs)

HMO's

This bill authorizes DHFS to levy, enforce, and collect an assessment on health maintenance organizations of 1% of each ~~health maintenance organization's~~ annual gross revenues, based on statements that each ~~health maintenance organization~~ must file with DHFS annually by March 1. The assessments must be deposited ~~in~~ ^{into} the Medical Assistance (MA) trust fund. In addition, the bill requires DHFS to distribute, from the MA trust fund, moneys in each fiscal year to supplement MA payments to ~~health maintenance organizations~~ that provide services to MA recipients. Funding for each ~~health maintenance organization~~ must be based on a formula developed by DHFS that must consider the number of MA recipients served by each ~~health maintenance organization~~ during the immediately preceding calendar year.

For further information see the *state and local* 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) (wr) of the statutes is created to read:

2 20.435 (4) (wr) *Medical assistance trust fund; health maintenance*
3 *organizations.* From the Medical Assistance trust fund, biennially, all moneys
4 received from health maintenance organizations under s. 49.45 (2) (a) 25., for
5 payment to health maintenance organizations under s. 49.45 (6zb).

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

6 SECTION 2. 25.77 (4) of the statutes is created to read:

7 25.77 (4) All moneys received under s. 49.45 (2) (a) 25. from assessments on
8 health maintenance organizations.

9 SECTION 3. 49.45 (2) (a) 25. of the statutes is created to read:

10 49.45 (2) (a) 25. a. For the privilege of doing business in this state, there is
11 imposed on each health maintenance organization, as defined in s. 609.01 (2), an
12 annual assessment of 1% of the health maintenance organization's gross revenues
13 for the immediately preceding calendar year. The assessment shall be deposited ~~in~~ into
14 the Medical Assistance trust fund. The department shall determine the amount of
15 each health maintenance organization's assessment, based on a statement that the
16 health maintenance organization shall file annually, by ~~March~~ 1, with the
17 department. Each health maintenance organization shall pay one-fourth of the total
18 assessment quarterly, by March 31, June 30, September 30, and December 31 of each
19 year.

20 b. Sections 77.59 (1) to (5), (6) (intro), (a) and (c) and (7) to (10), 77.60 (1) to (7),
21 (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under
22 subch. III of ch. 77, apply to the assessment under this section, except that the

1 amount of any assessment collected under ^g(this) ^ysubdivision ^g25. a. shall be deposited
 2 ^{to} in the Medical Assistance trust fund.

3 c. The department shall levy, enforce, and collect the assessment under this
 4 subdivision and shall develop and distribute forms necessary for levying and
 5 collection. ^gng — Stet

6 d. The department shall promulgate rules that establish procedures and
 7 requirements for levying the assessment under this subdivision.

8 e. An affected health maintenance organization may contest an action by the
 9 department under this subdivision by submitting a written request for a hearing to
 10 the department within 3 days after the date of the department's action.

11 f. Any order or determination made by the department under a hearing as
 12 specified in ^g(this) ^gsubdivision ^g25. e. is subject to judicial review as prescribed under
 13 ch. 227. ✓

14 SECTION 4. 49.45 (6zb) ^gof the statutes is created to read:

15 49.45 (6zb) INCENTIVE PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS. From
 16 the appropriation under s. 20.435 (4) (wr), ^gthe department shall distribute funding
 17 in each fiscal year to a health maintenance organization, as defined under s. 609.01
 18 (2), ^gto supplement payment to the health maintenance organization under this
 19 section. The amount of funding for each health maintenance organization shall be
 20 based on a formula developed by the department that shall, at a minimum, consider
 21 the number of Medical Assistance recipients served by the health maintenance
 22 organization during the immediately preceding calendar year.

23 SECTION 9324. ^gInitial applicability; health and family services. ✓

1 (1) ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS. The treatment of
2 section 49.45 (2) (a) 25[✓] of the statutes first applies to assessments that are due on
3 June 30, 2004.

4 **SECTION 9424. Effective dates; health and family services.**

5 (1) ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS. The treatment of
6 sections 20.435 (4) wr[✓], 25.77 (4)[✓], 49.45 (2) (a) 25[✓] and (6zb)[✓] of the statutes takes effect
7 on January 1, 2004.

8 (END)

*Annual statements
for 2003 that are
due on March 1,
2004, and to*

D-NOTE

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1486/P1dn
DAK&JTK:/:....
WLJ

To Robert Blaine:

Please take a hard look at this draft; I have the following questions about it, the most important of which have to do with timing of the assessments, effective date, and initial applicability:

1. I learned from Eileen Mallow of OCI (266-7843) that the statements OCI gets from HMOs do list gross revenues, so having HMOs send such statements to DHFS should not be difficult or onerous. She says HMOs function on a calendar-year basis. OCI rules require the full annual statement by March 1 (~~INS~~ 9.08 (1) (intro.), Wis. Admin. Code) and quarterly reports within 45 days after the close of each of the first ~~3~~^{three} calendar quarters of the year (~~INS~~ 9.08 (1) (b), Wis. Admin. Code). OCI actually posts the figures on their website ~~at~~^{some} ~~time~~^{time} in April. I have made the draft effective January 1, 2004, assuming that DHFS would determine from the March 1 submittal of the annual statement the quarterly amount due on June 30, 2004. This means that, for 2004, there will be only ~~3~~^{three} quarters assessed for the total gross revenues of an HMO for 2003. Is that okay?
2. I modeled ~~s.~~^{proposed} 49.45 (2) ~~of~~^a 25. on s. 50.24, stats., but am unsure whether the language about forms in s. 49.45 (2) (a) 25. c. and about rules in s. 49.45 (2) (a) 25. d. is necessary.
3. Is it correct to term the payments under ~~s.~~^{proposed} 49.45 (6zb) as "incentive payments?" Or are they just supplemental payments?

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.state.wi.us

4
Please note that, although HMOs currently report their gross revenues to OCI, the term "gross revenues" as used in this draft is undefined and, therefore, subject to interpretation by HMOs, DHFS, and DOR. To avoid any possible confusion, and litigation, you may want to define the term "gross revenues".

JTK

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1486/P1dn
DAK&JTK:wlj:pg

January 21, 2003

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Jeffery T. Kuesel
Managing Attorney
Phone: (608) 266-6778



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1486/PT
DAK&JK:wlj:pg

P2

JK

DOA:.....Blaine – BB0324, Provider assessment on health maintenance organizations

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

done for cat

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21 organization during the immediately preceding calendar year.

22 **SECTION 9324. Initial applicability; health and family services.**

23 (1) **ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS.** The treatment of
24 section 49.45 (2) (a) 25. of the statutes first applies to annual statements for 2003 that
25 are due on March 1, 2004, and to assessments that are due on June 30, 2004.

and

1 SECTION 9424. Effective dates; health and family services.

2 (1) ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS. The treatment of
3 sections 20.435 (4) (wr), 25.77 (4), 49.45 (2) (a) 25. and (6zb) of the statutes takes effect
4 on January 1, 2004.

5 (END)

Editor & LPS -
I fixed these
changes on line
(page 4, line 3)
earlier today.
CMH

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

LRB-1486/P1dn
DAK&JK:wlj:pg

p2dn

January 21, 2003

JK

should be redrafted
w/ initiative
JK = not JK

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Managing Attorney
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←
JOE KREYER

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1486/P2dn
DAK&JK:wlj:pg

January 22, 2003

To Robert Blaine:

Please take a hard look at this draft; I have the following questions about it, the most important of which have to do with timing of the assessments, effective date, and initial applicability:

1. I learned from Eileen Mallow of OCI (266-7843) that the statements OCI gets from HMOs do list gross revenues, so having HMOs send such statements to DHFS should not be difficult or onerous. She says HMOs function on a calendar-year basis. The OCI rules require the full annual statement by March 1 (Ins 9.08 (1) (intro.), Wis. Adm. Code) and quarterly reports within 45 days after the close of each of the first three calendar quarters of the year (Ins 9.08 (1) (b), Wis. Adm. Code). Sometime in April OCI actually posts the figures on its websheet. I have made the draft effective January 1, 2004, assuming that DHFS would determine from the March 1 submittal of the annual statement the quarterly amount due on June 30, 2004. This means that, for 2004, there will be only three quarters assessed for the total gross revenues of an HMO for 2003. Is that okay?
2. I modeled proposed s. 49.45 (2) (a) 25. on s. 50.14, stats., but am unsure whether the language about forms in s. 49.45 (2) (a) 25. c. and about rules in s. 49.45 (2) (a) 25. d. is necessary.
3. Is it correct to term the payments under proposed s. 49.45 (6zb) as "incentive payments"? Or are they just supplemental payments?

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.state.wi.us

4. Please note that, although HMOs currently report their gross revenues to OCI, the term "gross revenues" as used in this draft is undefined and, therefore, subject to interpretation by HMOs, DHFS, and DOR. To avoid any possible confusion, and litigation, you may want to define the term "gross revenues."

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

Kennedy, Debora

From: Blaine, Robert
Sent: Friday, January 24, 2003 12:43 PM
To: Kennedy, Debora
Subject: FW: draft for HMO provider tax

03-1486

Some helpful input from DHFS. If you could incorporate these changes (when you get a chance, of course), I would appreciate it.

Robert

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

From: Megna, Richard
Sent: Friday, January 24, 2003 10:00 AM
To: Blaine, Robert
Cc: Johnston, James; Castillo, Angelo; Dombrowicki, Angela; Fox, Michael; Bove, Fredi-Ellen; Cunningham, Curtis
Subject: draft for HMO provider tax

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- ✓ There are 3 suggestions for the draft on the HMO provider tax. Mike Fox suggested that we should just use the data collected by OCI for gross revenues, rather than having the Dept. separately collect a report from HMOs on gross revenues. OCI audits the data at least every three years, and each annual submission to OCI must be supported by an HMO independent audited financial statement. Also, we use the OCI data as the basis for generating the HIRSP assessment.
- ✓ Also, there is a concern about the section on the use of the provider tax. Why include the word "incentive" in the title? We would prefer that this term be deleted or that the title be "Supplemental Funding for Payments to Health Maintenance Organizations." We prefer a more generic title since the tax will be used for several functions: (a) to fund the gpr share to pay back the tax levied on the hmo; (b) to fund the gpr share of higher rates related to increasing intensity; and (c) to fund the gpr share for higher rates to reduce the discount rate to 8%. We don't think the word "incentive" fits for all of these intended uses. Also, since the HMO provider tax will be used in part for normal HMO cap rate increases, there will not be a single separate payment funded by the HMO tax.
- ✓ Since the HMO provider tax will help fund normal cap rate increases as well as paying back the tax, it may be appropriate to replace the last sentence that talks of the Dept. developing a formula that at a minimum considers the number of MA recipients served with a more generic statement such as "This funding will be used to support higher MA payments to HMOs to recognize increasing costs and more intense use of services by MA recipients and other reimbursement needs identified by the dept."

Richard

Kennedy, Debora

From: Kennedy, Debora
Sent: Saturday, January 25, 2003 10:57 AM
To: Blaine, Robert
Subject: RE: draft for HMO provider tax

Yes, I think it's workable (certainly draftable), with one big caveat: Notice Joe Kreye's Drafter's Note about a definition of "gross revenue"; to follow Richard's suggestion, you would be relying on OCI's report (which, it appears from what Richard's earlier message indicates, you wish to do in the future as well) for gross revenues for calendar year 2002. I understand that OCI audits these reports, but the fact remains that it's not certain what "gross revenues" means, which would mean that in future years HMOs could manipulate their reports. It is, of course, possible that the OCI report form itself defines the term very tightly--would there be some way that you could find out? If that is so, it would appear to resolve the problem.

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

From: Blaine, Robert
Sent: Saturday, January 25, 2003 9:52 AM
To: Kennedy, Debora
Subject: FW: draft for HMO provider tax

is Richard's suggestion workable?

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

From: Megna, Richard
Sent: Friday, January 24, 2003 5:50 PM
To: Blaine, Robert
Subject: RE: draft for HMO provider tax

Robert,

I am glad you brought up this point. The savings that have been attributed to the 1% HMO provider tax assumed that we get 2 years of provider tax. In order to retain those savings, we have to start the tax July 1, 2003, rather than Jan. 1, 2004.

Why not require the HMOs to start paying the tax on Sept. 30, 2003, based on gross revenues in CY 02? We would get four quarterly payments in FY 04 - 9/30/03, 12/31/03, 3/31/04 & 6/30/04. The savings estimates include paying back the provider tax so there is money for higher MA payments in the first 6 months of fy 04 to pay back the tax on MA HMOs - a bump to the second half of CY 03 MA payments to HMOs.

If you do not get a full year of tax in FY 04, you will have to reduce the savings that have been assumed for this item. If you start the tax on Jan 1, 2004, and get a half year of revenue, the savings would have to be reduced by \$13.3 million GPR in FY 04.

Richard

>>> Blaine, Robert 01/24/03 12:46PM >>>
Oh, Richard. Did you have any thoughts about Debora's point that, as drafted, there would be only 3/4 of the revenue in FY04?

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

From: Megna, Richard
Sent: Friday, January 24, 2003 10:00 AM
To: Blaine, Robert
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Richard

Kennedy, Debora

From: Blaine, Robert
Sent: Saturday, January 25, 2003 11:02 AM
To: Kennedy, Debora
Cc: Fox, Michael
Subject: RE: draft for HMO provider tax

Debora -- I am going to have DHFS look into this. I know that our fiscal estimates for this item used OCI reports, so my assumption is that DHFS is comfortable with their accuracy and tightness. It is a good idea, though, to double check.

Now that I think about it, my guess is that OCI uses these reports for purposes of determining HMOs' HIRSP assessments, so the instructions are probably very tight. But, again, this is just an assumption.

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

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Sent: Saturday, January 25, 2003 10:57 AM
To: Blaine, Robert
Subject: RE: draft for HMO provider tax

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To: Kennedy, Debora
Subject: FW: draft for HMO provider tax

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Sent: Friday, January 24, 2003 10:00 AM

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Cc: Johnston, James; Castillo, Angelo; Dombrowicki, Angela; Fox, Michael; Bove, Fredi-Ellen; Cunningham, Curtis

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Richard



SOON - In edit 1/25

State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1486/B2 1

DAK&JK:wlj:pg

D-NOTE

DOA:.....Blaine - BB0324, Provider assessment on health maintenance organizations

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

↑ to assist in meeting ~~the~~ increasing costs, ~~and~~ more intense use of services by MA recipients, and other reimbursement needs that DHFS identifies

Not Under the bill, the first assessment is due on September 30, 2003

Do NOT GEN

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

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

This bill authorizes DHFS to levy, enforce, and collect an assessment on health maintenance organizations (HMOs) of 1% of each HMO's annual gross revenues, based on statements that each HMO must file with ~~DHFS~~ annually by March 1. The assessments must be deposited into the Medical Assistance (MA) trust fund. In addition, the bill requires DHFS to distribute, from the MA trust fund, moneys in each fiscal year to supplement MA payments to HMOs that provide services to MA recipients. Funding for each HMO must be based on a formula developed by DHFS that must consider the number of MA recipients served by each HMO during the immediately preceding calendar year.

For further information see the *state and local* 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:

OCI

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

2 20.435 (4) (wr) *Medical assistance trust fund; health maintenance*
3 *organizations.* From the Medical Assistance trust fund, biennially, all moneys
4 received from health maintenance organizations under s. 49.45 (2) (a) 25., for
5 payment to health maintenance organizations under s. 49.45 (6zb).

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

Office of the Commissioner
of Insurance

6 SECTION 2. 25.77 (4) of the statutes is created to read:

7 25.77 (4) All moneys received under s. 49.45 (2) (a) 25. from assessments on
8 health maintenance organizations.

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11 imposed on each health maintenance organization, as defined in s. 609.01 (2), an
12 annual assessment of 1% of the health maintenance organization's gross revenues
13 for the immediately preceding calendar year. The assessment shall be deposited into
14 the Medical Assistance trust fund. The department shall determine the amount of
15 each health maintenance organization's assessment, based on a statement that the
16 health maintenance organization shall file annually, by March 1, with the
17 ~~department~~ Each health maintenance organization shall pay one-fourth of the total
18 assessment quarterly, by March 31, June 30, September 30, and December 31 of each
19 year.

20 b. Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to
21 (7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under
22 subch. III of ch. 77, apply to the assessment under this section, except that the

1 amount of any assessment collected under subd. 25. a. shall be deposited into the
2 Medical Assistance trust fund.

3 c. The department shall levy, enforce, and collect the assessment under this
4 subdivision and shall develop and distribute forms necessary for levying and
5 collection.

6 d. The department shall promulgate rules that establish procedures and
7 requirements for levying the assessment under this subdivision.

8 e. An affected health maintenance organization may contest an action by the
9 department under this subdivision by submitting a written request for a hearing to
10 the department within 3 days after the date of the department's action.

11 f. Any order or determination made by the department under a hearing as
12 specified in subd. 25. e. is subject to judicial review as prescribed under ch. 227.

13 SECTION 4. 49.45 (6zb) of the statutes is created to read:

14 49.45 (6zb) ~~is created to read~~ PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS. From
15 the appropriation under s. 20.435 (4) (wr), the department shall distribute funding
16 in each fiscal year to a health maintenance organization, as defined under s. 609.01
17 (2), to supplement payment to the health maintenance organization under this
18 section. The amount of funding for each health maintenance organization shall be

19 based on a formula developed by the department that shall, at a minimum, consider
20 the number of Medical Assistance recipients served by the health maintenance
21 organization during the immediately preceding calendar year. INSERT 3-21

22 SECTION 9324. Initial applicability; health and family services.

23 (1) ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS. The treatment of
24 section 49.45 (2) (a) 25. of the statutes first applies to annual statements for 2003 that
25 ~~are~~ due on March 1, 2004, and to assessments that are due on ~~June 30, 2004~~

Handwritten notes:
- "2003" circled above "2004"
- "2002" circled above "2004"
- "were" circled below "are"
- "CS SUPPLEMENTAL" circled below "2004"
- "September 30, 2003" circled below "June 30, 2004"

1 **SECTION 9424. Effective dates; health and family services.**

2 (1) ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS. The treatment of
3 sections 20.435 (4) (wr), 25.77 (4), and 49.45 (2) (a) 25. and (6zb) of the statutes takes
4 effect on ~~January 1, 2004~~ 6

5 (END)

↓
the effective date of this subsection

D-NOTE

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1486/lins
DAK&JK:wlj:pg

No ff

INSERT 3-21

assist in meeting

1 The funding shall be to ~~recognize~~ increasing costs ~~and~~ more intense use of
2 services by Medical Assistance recipients and other reimbursement needs that the
3 department identifies.

,

,

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

LRB-1486/1dn
DAK:AM/wlj:AM

To Robert Blaine:

I made this bill effective on the general effective date for the budget bill (July 1, 2003, or the day after publication, whichever is later), rather than on July 1, 2003, as Richard Megna had suggested, because, if the budget deliberations (and veto process) continue after July 1, the tax becomes ex post facto, which may be a problem. In any event, if the budget deliberations and veto process go on much beyond September 1, there may be an implementation problem.

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.state.wi.us

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

LRB-1486/1dn
DAK:wlj:jf

January 27, 2003

To Robert Blaine:

I made this bill effective on the general effective date for the budget bill (July 1, 2003, or the day after publication, whichever is later), rather than on July 1, 2003, as Richard Megna had suggested, because, if the budget deliberations (and veto process) continue after July 1, the tax becomes ex post facto, which may be a problem. In any event, if the budget deliberations and veto process go on much beyond September 1, there may be an implementation problem.

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.state.wi.us

Kennedy, Debora

From: Blaine, Robert
Sent: Tuesday, January 28, 2003 9:24 PM
To: Kennedy, Debora
Cc: Megna, Richard
Subject: RE: LRB Draft: 03-1486/1 Provider assessment on health maintenance organizations

Hi Debora --

The department is still looking at the draft, but in the meantime I do have a few comments, both having to do with appropriation issues. We want to use the HMO assessment revenue for three purposes:

1) We will use a part of the revenue to make supplemental payments to HMOs providers. One thing I forgot is that if we boost an HMO payment on the MA side, we need a corresponding boost on the BadgerCare side. I'm afraid that the language under s. 49.45 (6)(zb) is not broad enough for us to incentive payments to BadgerCare HMOs.

2) We will use another part of the revenue to pay for rate increases to all MA and BadgerCare HMO providers.

3) What is not used for (1) or (2) would then be available to meet other base MA and BadgerCare costs.

So, one goal is to make sure we have a way to get the money to BadgerCare. Now, there is already an appropriation in the MA Trust Fund for BadgerCare -- (4)(x). One thing we could do is amend the language here to strike the reference "for the purpose specified in 2001 Wisconsin Act 16, section 9123 (8e)." Then, we could amend it further to provide for transfers from (4)(wr), so that we could transfer revenue both from (4)(w) and (4)(wr) into (4)(x).

The next goal is to broaden (6)(zb) or create an additional section under s. 49.665 identical to 49.45 (6)(zb), so that we can make supplemental payments to both MA and BadgerCare HMOs.

Finally, I think we need to broaden the purposes of (4)(wr), so that any money left over after the incentive payments can be transferred to (4)(w) and (4)(x) to pay for rate increases to MA and BC HMOs.

It is late, so I'm sure this probably makes no sense. Call me and we can discuss.

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

From: Frantzen, Jean
Sent: Monday, January 27, 2003 2:05 PM
To: Blaine, Robert
Cc: Johnston, James; Schaeffer, Carole; Hanaman, Cathlene; Haugen, Caroline
Subject: LRB Draft: 03-1486/1 Provider assessment on health maintenance organizations

Following is the PDF version of draft 03-1486/1.

<< File: 03-1486/1 >> << File: 03-1486/1dn >>

From Robert 1/29:

Agreed w/ DAK that, instead of transferring \$ from (wr) to (w) + (x), wd be easier to make (wr) a sum certain + just expend more from (w) + (x) from the MATF.

no need to draft
2) no need to draft
3)

no need to draft



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1486/2
DAK&JK:wlj

1 Soon - In edit 1/29

DOA:.....Blaine - BB0324, Provider assessment on health maintenance organizations

FOR 2003-05 BUDGET - NOT READY FOR INTRODUCTION

and Badger Care payments to HMOs that provide services to Badger Care recipients

DO NOT GEN

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

Analysis by the Legislative Reference Bureau
HEALTH AND HUMAN SERVICES
MEDICAL ASSISTANCE

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~~NO INSERT 2-5~~

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16 funding in each fiscal year to a health maintenance organization, as defined under
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INSERT
3-20

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3 effect on the effective date of this subsection.

4 (END)

, and 49.665
(4m)

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1486/2ins
DAK&JK:wlj:jf

√ **INSERT 3-20**

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8 department identifies.



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1486/3
DAK&JK:wj:cl

L+JL

DOA:.....Blaine – BB0324, Provider assessment on health maintenance organizations

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

don't gen

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

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

This bill authorizes DHFS to levy, enforce, and collect an assessment on health maintenance organizations (HMOs) of 1% of each HMO's annual gross revenues, based on statements that each HMO must file with OCI annually by March 1. Under the bill, the first assessment is due on September 30, 2003. The assessments must be deposited into the Medical Assistance (MA) trust fund. In addition, the bill requires DHFS to distribute, from the MA trust fund, moneys in each fiscal year to supplement MA payments to HMOs that provide services to MA recipients and Badger Care payments to HMOs that provide services to Badger Care recipients, to assist in meeting increasing costs, more intense use of services by MA and Badger Care recipients, and other reimbursement needs that DHFS identifies.

For further information see the *state and local* 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) (wr) of the statutes is created to read:

2 20.435 (4) (wr) *Medical assistance trust fund; health maintenance*
3 *organizations.* From the Medical Assistance trust fund, biennially, from all moneys
4 received from health maintenance organizations under s. 49.45 (2) (a) 25., the
5 amounts in the schedule for payment to health maintenance organizations under ss.
6 49.45 (6zb) and 49.665 (4m).

 ***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.** 25.77 (4) of the statutes is created to read:

8 25.77 (4) All moneys received under s. 49.45 (2) (a) 25. from assessments on
9 health maintenance organizations.

10 **SECTION 3.** 49.45 (2) (a) 25. of the statutes is created to read:

11 49.45 (2) (a) 25. a. For the privilege of doing business in this state, there is
12 imposed on each health maintenance organization, as defined in s. 609.01 (2), an
13 annual assessment of 1% of the health maintenance organization's gross revenues
14 for the immediately preceding calendar year. The assessment shall be deposited into
15 the Medical Assistance trust fund. The department shall determine the amount of
16 each health maintenance organization's assessment, based on a statement that the
17 health maintenance organization shall file annually, by March 1, with the office of
18 the commissioner of insurance. Each health maintenance organization shall pay
19 one-fourth of the total assessment quarterly, by March 31, June 30, September 30,
20 and December 31 of each year.

21 b. Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to
22 (7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under
23 subch. III of ch. 77, apply to the assessment under this section, except that the

1 amount of any assessment collected under subd. 25. a. shall be deposited into the
2 Medical Assistance trust fund.

3 c. The department shall levy, enforce, and collect the assessment under this
4 subdivision and shall develop and distribute forms necessary for levying and
5 collection.

6 d. The department shall promulgate rules that establish procedures and
7 requirements for levying the assessment under this subdivision.

8 e. An affected health maintenance organization may contest an action by the
9 department under this subdivision by submitting a written request for a hearing to
10 the department within 3 days after the date of the department's action.

11 f. Any order or determination made by the department under a hearing as
12 specified in subd. 25. e. is subject to judicial review as prescribed under ch. 227.

13 **SECTION 4.** 49.45 (6zb) of the statutes is created to read:

14 **49.45 (6zb) SUPPLEMENTAL PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS.**
15 From the appropriation under s. 20.435 (4) (wr), the department shall distribute
16 funding in each fiscal year to a health maintenance organization, as defined under
17 s. 609.01 (2), to supplement payment to the health maintenance organization under
18 this section. The funding shall be to assist in meeting increasing costs, more intense
19 use of services by Medical Assistance recipients, and other reimbursement needs
20 that the department identifies.

21 **SECTION 5.** 49.665 (4m) of the statutes is created to read:

22 **49.665 (4m) SUPPLEMENTAL PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS.**
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25 s. 609.01 (2), to supplement payment to the health maintenance organization under

1 this section. The funding shall be to assist in meeting increasing costs, more intense
2 use of services by Badger Care recipients, and other reimbursement needs that the
3 department identifies.

4 **SECTION 9324. Initial applicability; health and family services.**

5 (1) ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS. The treatment of
6 section 49.45 (2) (a) 25. of the statutes first applies to annual statements for 2002 that
7 were due on March 1, 2003, and to assessments that are due on September 30, 2003.

8 **SECTION 9424. Effective dates; health and family services.**

9 (1) ~~ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS.~~ The treatment of
10 sections 20.435 (4) (wr), 25.77 (4), ~~49.45 (2) (a) 25.~~ and (6zb), and 49.665 (~~4m~~) of the
11 statutes takes effect on the effective date of this subsection.

12

(END)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1486/3
DAK&JK:wlj&jld:jf

DOA:.....Blaine – BB0324, Provider assessment on health maintenance organizations

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

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8 (END)