

**SENATE SUBSTITUTE AMENDMENT 1,
TO 2003 SENATE BILL 204**

AN ACT *to create* 185.99 of the statutes; **relating to:** authorizing a health benefit purchasing cooperative pilot project.

Analysis by the Legislative Reference Bureau

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

- 1 **SECTION 1.** 185.99 of the statutes is created to read:
- 2 **185.99 Health benefit purchasing cooperatives. (1) DEFINITIONS.** In this
- 3 section:
- 4 (a) “Commissioner” means the commissioner of insurance.
- 5 (b) “Eligible employee” has the meaning given in s. 632.745 (5) (a).
- 6 (c) “Person” means any corporation, limited liability company, partnership,
- 7 cooperative, association, trade or labor organization, city, village, town, county, or
- 8 self-employed individual.

1 **(2)** ORGANIZATION AND PURPOSE. (a) Notwithstanding s. 185.02, one health
2 benefit purchasing cooperative may be organized under this chapter before the first
3 day of the 49th month beginning after the effective date of this subsection [revisor
4 inserts date], in each of the 5 geographic areas designated under sub. (6).
5 Notwithstanding s. 185.043, each health benefit purchasing cooperative may be
6 formed by one or more persons.

7 (b) The purpose of a health benefit purchasing cooperative is to provide health
8 care benefits for the individuals specified in sub. (4) (a) 1. to 3., through a contract
9 with an insurer authorized to do business in this state in one or more lines of
10 insurance that includes health insurance.

11 (c) A health benefit purchasing cooperative shall be designed so that all of the
12 following are accomplished:

13 1. The members become better informed about health care trends and cost
14 increases.

15 2. All members purchase their health care benefits from the same insurer.

16 3. The members are actively engaged in designing health care benefit options
17 that are offered by the insurer and that meet the needs of their community.

18 4. The health insurance risk of all of the members is pooled.

19 5. The members actively participate in health improvement decisions for their
20 community.

21 **(2m)** TEMPORARY BOARD OF DIRECTORS. Notwithstanding s. 185.05 (1) (m), the
22 articles of a health benefit purchasing cooperative shall set forth the name and
23 address of at least one incorporator who will act as the temporary board.

1 **(3) COOPERATIVE MEMBERSHIP.** (a) Notwithstanding s. 185.11 (1), each health
2 benefit purchasing cooperative shall be organized on a membership basis with no
3 capital stock.

4 (b) Subject to par. (c), any person that does business in, is located in, has a
5 principal office in, or resides in the geographic area in which a health benefit
6 purchasing cooperative is organized, that meets the membership criteria established
7 by the health benefit purchasing cooperative in its bylaws, and that pays the
8 membership fee may be a member of the health benefit purchasing cooperative.

9 (c) A health benefit cooperative may limit membership of self-employed
10 individuals through its membership criteria, but such criteria must be applied in the
11 same manner to all self-employed individuals.

12 (d) Each health benefit purchasing cooperative shall file its membership
13 criteria, as well as any amendments to the criteria, with the commissioner.

14 **(4) HEALTH CARE BENEFITS.** (a) The health care benefits offered by a health
15 benefit purchasing cooperative shall be negotiated between the health benefit
16 purchasing cooperative and the insurer. The insurer must offer coverage to all of the
17 following:

18 1. An individual who is a member, officer, or eligible employee of a member of
19 the health benefit purchasing cooperative.

20 2. A self-employed individual who is a member of the health benefit purchasing
21 cooperative.

22 3. A dependent of an individual under subd. 1. or 2. who receives coverage.

23 (b) The contract between the members of a health benefit purchasing
24 cooperative and an insurer shall be for a term of 3 years. Upon enrollment in the
25 insurer's health benefit plan, each member shall pay to the health benefit

1 purchasing cooperative an amount determined by the health benefit purchasing
2 cooperative that is not less than the member's applicable premium for the 36th
3 month of coverage under the contract. If a member withdraws from the health
4 benefit purchasing cooperative before the end of the contract term, the health benefit
5 purchasing cooperative may retain, as a penalty, an amount specified by the health
6 benefit purchasing cooperative that is not less than the premium that the member
7 paid for the 36th month of coverage.

8 **(5) ADDITIONAL REQUIRED REPORTS.** Each health benefit purchasing cooperative
9 shall submit to the legislature under s. 13.172 (2) and to the commissioner all of the
10 following:

11 (a) Annually, no later than September 30, a report on the progress of the health
12 benefit purchasing arrangement described in this section and, to the extent possible,
13 any significant findings in the criteria under par. (b) 1. to 3.

14 (b) Within one year after the end of the term of the contract under sub. (4) (b),
15 a final report that details significant findings from the project and that includes, at
16 a minimum, to the extent available, information on all of the following:

17 1. The extent to which the health benefit purchasing arrangement had an
18 impact on the number of uninsured in the geographic area in which it operated.

19 2. The effect on health care coverage premiums for groups in the geographic
20 area in which the health benefit purchasing arrangement operated, including groups
21 other than the health benefit purchasing cooperative.

22 3. The degree to which health care consumers were involved in the
23 development and implementation of the health benefit purchasing arrangement.

24 **(6) DESIGNATION OF GEOGRAPHIC AREAS.** After consultation with the Wisconsin
25 Federation of Cooperatives, the commissioner shall designate, by order, the 5

1 geographic areas of the state in which health benefit purchasing cooperatives may
2 be organized. A geographic area may overlap with one or more other geographic
3 areas.

4 **SECTION 2. Nonstatutory provisions.**

5 (1) Any state agency may seek federal or private funding that may be used to
6 support the activities of the project under section 185.99 of the statutes, as created
7 by this act.

8 (END)