

2003 DRAFTING REQUEST

Senate Substitute Amendment (SSA-SB204)

Received: 10/01/2003

Received By: pkahler

Wanted: Soon

Identical to LRB:

For: Sheila Harsdorf (608) 266-7745

By/Representing: John Reinemann

This file may be shown to any legislator: NO

Drafter: pkahler

May Contact:

Addl. Drafters:

Subject: Insurance - health

Extra Copies:

Submit via email: YES

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

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Health benefit purchasing cooperatives

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 10/03/2003	kfollett 10/03/2003					
/1			pgreensl 10/06/2003		sbasford 10/06/2003	sbasford 10/06/2003	

FE Sent For:

**<END>**

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1/?	pkahler	11kj 10/3	10/3	10/4	10/4		
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FE Sent For: *BS* *PS/9F* <END>

**Reinemann, John**

**From:** Reinemann, John  
**Sent:** Wednesday, October 01, 2003 4:02 PM  
**To:** Kahler, Pam  
**Subject:** AB 447/ SB 204

Pam: We will be asking for a sub amendment on AB 447 / SB 204. The purpose of the sub is to make four changes:

- First, we have learned that under the bill as drafted, only HMOs would be eligible to provide the coverage to the co-op groups that form as part of this pilot project. That was not our intent and we want to change that.
- Second, OCI tells us that our provision requiring them to define geographic areas for this project by rule will be cumbersome. They offer to draft these regions by order, which is a shorter process, if we will amend the bill to allow them to do so. We obviously want a speedy implementation of the pilot project and we plan to include this change in the sub amendment to help OCI be more responsive.

We also want to change two of the finer points of administration of the pilot programs.

- The cooperative (or Alliance) should have the authority to limit enrollment, not the insurer, and
- The cooperative (or Alliance) should be collecting the 36th month premium instead of the insurer.

We have a marked-up copy of AB 447 that I will be faxing shortly, that will make our intent clear. Please look at it and let me know if you have any questions.

We are hoping to act on this bill in the Senate as soon as next week, Oct 7<sup>th</sup>. Is that possible? Let me know. Thanks.

John Reinemann  
6-0486



**REPRESENTATIVE CURTIS GIELOW**

State of Wisconsin, Twenty-Third Assembly District

10-1-03

To: Pam Kahler

Re: ASB 1 to AB 447

SSA 1 to SB 204

Per my earlier email

pgs to follow:

(7)

Pls call w/ any questions.

John Reinemann

## 2003 ASSEMBLY BILL 447

July 25, 2003 - Introduced by Representatives GIELOW, LADWIG, OTT, GRONEMUS, KESTELL, MUSSER, M. LEHMAN, KRAWCZYK, OWENS, POWERS, VAN ROY, GUNDERSON, GUNDRUM, HINES, ZEPNICK, POPE-ROBERTS, HAHN, PLOUFF, TOWNS, AINSWORTH, LOEFFELHOLZ, M. WILLIAMS, ALBERS, VRAKAS, STASKUNAS, HUNDERTMARK, WEBER, JENSEN, BALOW and PETROWSKI, cosponsored by Senators HARS DORF, ERPENBACH, BROWN, STEPP, M. MEYER, HANSEN, RISSER and ROESSLER. Referred to Committee on Insurance.

1 AN ACT to create 185.99 of the statutes; relating to: authorizing a health benefit  
2 purchasing cooperative pilot project and granting rule-making authority.

---

*Analysis by the Legislative Reference Bureau*

This bill authorizes a pilot project in which one nonstock health benefit purchasing cooperative (cooperative) may be organized in each of five geographic areas of the state that are designated by the Commissioner of Insurance (commissioner) by rule. A cooperative may be organized by one or more persons, which the bill defines as any type of business, an association, a trade or labor organization, a municipality, or a self-employed individual. Any person that does business in, is located in, has a principal office in, or resides in a geographic area in which a cooperative is organized, that meets the membership criteria established by the cooperative in its bylaws, and that pays the membership fee may be a member of the cooperative organized in that geographic area.

The purpose of the cooperatives is to provide health care benefits to the employees, members, and officers of the members of each cooperative and to their dependents through a three-year contract with a defined network plan. The health insurance risk of all cooperative members is pooled; the members are actively involved in designing the health care benefit options offered by the defined network plan; and all members purchase their health care benefits from the defined network plan, although a cooperative may also offer its members a point-of-service option plan under which an individual may receive health care services from a provider who is not a participating provider in the defined network plan and pay the difference between what the provider charges and what the defined network plan would pay a participating provider.

Each cooperative must submit to the legislature and to the commissioner an annual report on the progress of the health benefit purchasing arrangement and, within a year after the end of the three-year contract term, a report on the significant findings from the project, including the effects on group health care coverage premiums and the number of uninsured in the geographic area of the cooperative.

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

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*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) "Defined network plan" has the meaning given in s. 609.01 (1b).~~

6 (c) "Eligible employee" has the meaning given in s. 632.745 (5) (a).

7 (d) "Person" means any corporation, limited liability company, partnership,  
8 cooperative, association, trade or labor organization, city, village, town, county, or  
9 self-employed individual.

10 (e) "Point-of-service option plan" has the meaning given in s. 609.10 (1) (ac).

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

1 (b) The purpose of a health benefit purchasing cooperative shall be to provide  
2 health care benefits for the individuals specified in sub. (4) (a) 1. to 3. through a  
3 ~~contract with a defined network plan~~ <sup>contract for</sup> (1)

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

6 1. The members become better informed about health care trends and cost  
7 increases.

8 2. All members purchase their health care benefits from the same defined  
9 network plan, subject to sub. (4) (d).

10 3. The members are actively engaged in designing health care benefit options  
11 that are offered by the defined network plan and that meet the needs of their  
12 community.

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

14 5. The members actively participate in health improvement decisions for their  
15 community.

16 (2m) TEMPORARY BOARD OF DIRECTORS. Notwithstanding s. 185.05 (1) (m), the  
17 articles of a health benefit purchasing cooperative shall set forth the name and  
18 address of at least one incorporator who will act as the temporary board.

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

22 (b) Any person that does business in, is located in, has a principal office in, or  
23 resides in the geographic area in which a health benefit purchasing cooperative is  
24 organized, that meets the membership criteria established by the health benefit



1 purchasing cooperative in its bylaws, and that pays the membership fee may be a  
2 member of the health benefit purchasing cooperative.

3 (c) Each health benefit purchasing cooperative shall file its membership  
4 criteria, as well as any amendments to the criteria, with the commissioner.

5 (4) HEALTH CARE BENEFITS. (a) The health care benefits offered by a health  
6 benefit purchasing cooperative shall be negotiated between the health benefit  
7 purchasing cooperative and the ~~defined network plan~~ <sup>provider</sup>. Subject to par. (b), the ~~defined~~ <sup>provider</sup>  
8 ~~network plan~~ must offer coverage to all of the following:

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

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

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

14 (b) The ~~defined network plan~~ <sup>Cooperative</sup> may limit enrollment of self-employed  
15 individuals by establishing enrollment criteria, but such criteria must be applied in  
16 the same manner to all self-employed individuals.

17 (c) The contract between the members of a health benefit purchasing  
18 cooperative and a ~~defined network plan~~ <sup>Provider</sup> shall be for a term of 3 years. Upon  
19 enrollment in the defined network plan, each member shall pay to the ~~defined~~ <sup>Cooperative</sup> <sup>at least</sup> <sup>2</sup>  
20 ~~network plan~~ the member's applicable premium for the 36th month of coverage  
21 under the contract. If a member withdraws from the health benefit purchasing  
22 cooperative before the end of the contract term, the ~~defined network plan~~ <sup>Cooperative</sup> may retain,  
23 as a penalty, <sup>at least</sup> the premium that the member paid for the 36th month of coverage.

1 ~~(d) In addition to providing health care benefits under a contract with a defined~~  
2 ~~network plan, a health benefit purchasing cooperative may offer its members a~~  
3 ~~point-of-service option plan.~~

*is this necessary?*

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

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

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

- 13 1. The extent to which the health benefit purchasing arrangement had an  
14 impact on the number of uninsured in the geographic area in which it operated.
- 15 2. The effect on health care coverage premiums for groups in the geographic  
16 area in which the health benefit purchasing arrangement operated, including groups  
17 other than the health benefit purchasing cooperative.
- 18 3. The degree to which health care consumers were involved in the  
19 development and implementation of the health benefit purchasing arrangement.

20 **(6) DESIGNATION OF GEOGRAPHIC AREAS.** The commissioner shall designate, by  
21 rule, the 5 geographic areas of the state in which health benefit purchasing  
22 cooperatives may be organized. A geographic area may overlap with one or more  
23 other geographic areas.

*} See next page!  
No rules, OCI  
will determine  
upon consultation  
with the Wisconsin  
Federation of Corp.*

24 **SECTION 2. Nonstatutory provisions.**

*by order?*

1 ~~(1) RULES ON GEOGRAPHIC AREAS. The commissioner of insurance shall submit~~  
2 ~~in proposed form the rules required under section 185.99 (6) of the statutes, as~~  
3 ~~created by this act, to the legislative council staff under section 227.15 (1) of the~~  
4 ~~statutes no later than the first day of the 7th month beginning after the effective date~~  
5 ~~of this subsection.~~  
6

(END)

③  
OIS shall  
determine upon  
consultation with  
the Wisconsin  
Federation of  
Cooperatives

## Kahler, Pam

---

**From:** Schneider, Christian  
**Sent:** Thursday, October 02, 2003 8:34 AM  
**To:** Kahler, Pam  
**Subject:** FW: Assembly Sub to AB 447

**Importance:** High

Pam,

As mentioned below, Senator Harsdorf would like an indetical sub amendment drafted for SB 204. Thanks.

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

**From:** Reinemann, John  
**Sent:** Wednesday, October 01, 2003 8:11 PM  
**To:** Sen.Harsdorf; Jablonski, Jack; 'Bill.Oemichen@WFCMAC.COOP'; 'melissa.duffy@wfcmac.coop'  
**Subject:** Assembly Sub to AB 447  
**Importance:** High

I am informed by LRB that we should have an Assembly Sub amendment to AB 447 early tomorrow. I will email the PDF of the draft to you as soon as I can, and we will need to examine it quickly. Pam is willing and able to do the Senate Sub (which we need quicker than the Assembly Sub, as you know) almost immediately but we need to get any changes to her ASAP.

I will ship the sub as soon as I have it. Please look at it as soon as possible and let me know if there are any issues. Thank you.

10-3

Melissa from fed of coops

- may need to add language that would authorize the state to seek & use fed \$ for the health benefit purchasing cooperative project - in MN needed to pass additional legislation to be able to receive and use fed \$ for these similar project



State of Wisconsin  
2003 - 2004 LEGISLATURE

s0204/1

LRB s0204/1  
PJK&RJM:wikjfrs  
wikjfrs

SENATE  
ASSEMBLY SUBSTITUTE AMENDMENT,

TO 2003 ~~ASSEMBLY~~ BILL ~~47~~ → 204  
SENATE

Mondan

Regen

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

*Analysis by the Legislative Reference Bureau*

This substitute amendment authorizes a pilot project in which one nonstock health benefit purchasing cooperative (cooperative) may be organized in each of five geographic areas of the state that are designated by the Commissioner of Insurance (commissioner) by order. A cooperative may be organized by one or more persons, which the substitute amendment defines as any type of business, an association, a trade or labor organization, a municipality, or a self-employed individual. Any person that does business in, is located in, has a principal office in, or resides in a geographic area in which a cooperative is organized, that meets the membership criteria established by the cooperative in its bylaws, and that pays the membership fee may be a member of the cooperative organized in that geographic area.

The purpose of the cooperatives is to provide health care benefits to the employees, members, and officers of the members of each cooperative and to their dependents through a three-year contract with an insurer. The health insurance risk of all cooperative members is pooled; the members are actively involved in designing the health care benefit options offered by the insurer; and all members purchase their health care benefits from the insurer.

Each cooperative must submit to the legislature and to the commissioner an annual report on the progress of the health benefit purchasing arrangement and,

*Insert A*

within a year after the end of the three-year contract term, a report on the significant findings from the project, including the effects on group health care coverage premiums and the number of uninsured in the geographic area of the cooperative.

*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.

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

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

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

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

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

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

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

7           5. The members actively participate in health improvement decisions for their  
8 community.

9           **(2m)** TEMPORARY BOARD OF DIRECTORS. Notwithstanding s. 185.05 (1) (m), the  
10 articles of a health benefit purchasing cooperative shall set forth the name and  
11 address of at least one incorporator who will act as the temporary board.

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

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

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

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



1           (4) HEALTH CARE BENEFITS. (a) The health care benefits offered by a health  
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3 purchasing cooperative and the insurer. The insurer must offer coverage to all of the  
4 following:

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

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

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

10          (b) The contract between the members of a health benefit purchasing  
11 cooperative and an insurer shall be for a term of 3 years. Upon enrollment in the  
12 insurer's health benefit plan, each member shall pay to the health benefit  
13 purchasing cooperative an amount determined by the health benefit purchasing  
14 cooperative that is not less than the member's applicable premium for the 36th  
15 month of coverage under the contract. If a member withdraws from the health  
16 benefit purchasing cooperative before the end of the contract term, the health benefit  
17 purchasing cooperative may retain, as a penalty, an amount specified by the health  
18 benefit purchasing cooperative that is not less than the premium that the member  
19 paid for the 36th month of coverage.

20          (5) ADDITIONAL REQUIRED REPORTS. Each health benefit purchasing cooperative  
21 shall submit to the legislature under s. 13.172 (2) and to the commissioner all of the  
22 following:

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

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

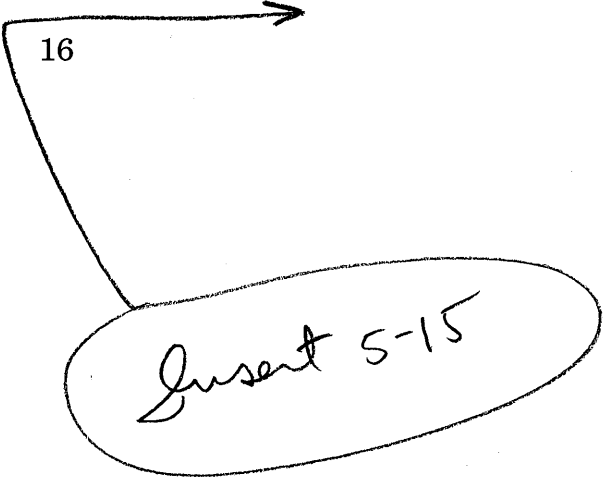
4 1. The extent to which the health benefit purchasing arrangement had an  
5 impact on the number of uninsured in the geographic area in which it operated.

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

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

11 (6) DESIGNATION OF GEOGRAPHIC AREAS. After consultation with the Wisconsin  
12 Federation of Cooperatives, the commissioner shall designate, by order, the 5  
13 geographic areas of the state in which health benefit purchasing cooperatives may  
14 be organized. A geographic area may overlap with one or more other geographic  
15 areas.

16 (END)



Insert 5-15

2003-2004 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRBs0204/ins  
PJK:.....

INSERT A

Q The substitute amendment also authorizes any state agency to seek federal or private funding that may be used to support the activities of the project.

(END OF INSERT A)

INSERT 5-15

1  
2  
3  
4

SECTION ~~4~~ Nonstatutory provisions.

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

(END OF INSERT 5-15)