

State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-2922/P2
PJK/JK/MES:wlj:rs

stays
↑
STAYS

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SOON
(9-14)
D. vote
Today or Wednesday
if possible

LPS: Please
check autorefs.

Regen

1 AN ACT ^{Regen} to create 13.94 (1s) (c) 4., 20.855 (8m), 25.17 (1) (gd), 25.775 and chapter
2 260 of the statutes; relating to: creating the Health Insurance Purchasing
3 Corporation of Wisconsin, establishing a health insurance purchasing
4 arrangement through the use of private accounts for all state residents, and
5 making an appropriation. ^S_A

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version.

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

6 SECTION 1. 13.94 (1s) (c) 4. of the statutes is created to read:
7 13.94 (1s) (c) 4. The Health Insurance Purchasing Corporation of Wisconsin for
8 the cost of the audits required to be conducted under s. 260.05 (3).

INS
1-8

9 SECTION 2. 20.855 (8m) of the statutes is created to read:
10 20.855 (8m) HEALTH INSURANCE PURCHASING CORPORATION OF WISCONSIN. (r)
11 Health insurance purchasing accounts and administration. After deducting the

1 amounts appropriated under s. 20.XX (X) (X), the amounts appropriated for the
 2 state's share of benefits and administrative costs under the Medical Assistance
 3 program that are attributable to the low-income families category, as determined
 4 under 2005 Wisconsin Act ... (this act), section 6 (1) (b), and the amounts
 5 appropriated for the state's share of benefits and administrative costs under the
 6 Badger Care health care program under s. 49.665, the balance of the moneys paid
 7 into the health insurance purchasing trust fund to be paid to the Health Insurance
 8 Purchasing Corporation of Wisconsin for establishing, funding, and managing, and
 9 assisting individuals with the use of, the health insurance purchasing accounts
 10 established under ch. 260.

***NOTE: The reference to the appropriation section will be DOR's administrative expenses.

11 SECTION 3. 25.17 (1) (gd) of the statutes is created to read:

12 25.17 (1) (gd) Health insurance purchasing trust fund (s. 25.775);

13 SECTION 4. 25.775 of the statutes is created to read:

14 **25.775 Health insurance purchasing trust fund.** There is established a
 15 separate, nonlapsible trust fund designated as the health insurance purchasing
 16 trust fund, consisting of all moneys collected under s. ~~XX XX~~.

***NOTE: The section with the "Xs" will be the section that provides for the assessment/tax.

17 SECTION 5. Chapter 260 of the statutes is created to read:

18 **CHAPTER 260**

19 **HEALTH INSURANCE PURCHASING ACCOUNTS**

20 **260.01 Definitions.** In this chapter:

21 (1) "Board" means the board of directors of the corporation.

1 (2) “Corporation” means the Health Insurance Purchasing Corporation of
2 Wisconsin.

3 (3) “Eligible resident” means an individual who satisfies all of the following
4 criteria:

5 (a) The individual has been legally domiciled, as defined by the corporation, in
6 this state for at least 6 months, except that, if a child is under 6 months of age, the
7 child is an “eligible resident” if the child lives in this state and at least one of the
8 child’s parents or the child’s guardian has been legally domiciled, as defined by the
9 corporation, in this state for at least 6 months.

10 (b) The individual is under 65 years of age.

11 (c) The individual is not eligible for health care coverage from the federal
12 government, is not an inmate of a penal facility, as defined in s. 19.32 (1e), and is not
13 placed or confined in, or committed to, an institution for the mentally ill or
14 developmentally disabled.

15 (d) Unless a waiver requested under s. 260.60 (2) is granted and in effect, the
16 individual is not eligible for medical assistance under subch. IV of ch. 49 or for health
17 care coverage under the Badger Care health care program under s. 49.665.

18 **260.05 Health Insurance Purchasing Corporation of Wisconsin. (1)**
19 INCORPORATION. The secretary of administration shall do all of the following:

20 (a) Draft and file articles of incorporation for a nonstock corporation under ch.
21 181 and take all actions necessary to exempt the corporation from federal taxation
22 under section 501 (c) (3) of the Internal Revenue Code.

23 (b) Provide in the articles of incorporation filed under par. (a) all of the
24 following:

1 1. That the name of the corporation is the “Health Insurance Purchasing
2 Corporation of Wisconsin.”

3 2. That the board shall consist of 9 directors who, except for the initial directors,
4 shall be designated or appointed as follows:

5 a. One designated by Wisconsin Manufacturers and Commerce.

6 b. One designated by the Wisconsin State American Federation of Labor and
7 Congress of Industrial Organizations.

8 c. One designated by the Metropolitan Milwaukee Association of Commerce.

9 d. One designated by the Wisconsin office of the National Federation of
10 Independent Business.

11 e. One designated by the Wisconsin Farm Bureau Federation.

12 f. One designated by the Wisconsin Technology Council.

13 g. One designated by the SEIU Wisconsin State Council.

14 h. Two designated by the governor to represent consumers.

15 3. That the term of a director shall be 4 years, except that the term of an initial
16 director shall be one year.

17 4. The names and addresses of the initial directors.

18 5. That 8 votes shall be necessary for adoption of any decision of the board,
19 except for those designated categories of decisions, if any, that the board agrees to
20 adopt by a simple majority of the votes.

21 (c) In consultation with the persons charged with designating the directors
22 under par. (b) 2. a. to h., designate the initial directors.

23 (d) Draft bylaws for adoption by the board.

24 **(2) DUTIES.** (a) As a condition for the release of funds under s. 20.855 (8m) (r),
25 the corporation shall do all of the following:

1 1. Establish, fund, and manage health insurance purchasing accounts in the
2 manner provided in this chapter; assist eligible residents in using their accounts to
3 purchase health care coverage; and perform all other functions required of the
4 corporation under this chapter.

5 2. Establish an independent and binding appeals process for resolving disputes
6 over eligibility and other determinations made by the corporation.

7 3. Keep its records open at all times to inspection and examination by the
8 governor or any committee of either or both houses of the legislature.

 ***NOTE: ETF is subject to the open records law except with respect to individual
 personal information in records of the department. See s. 40.07. You could have the
 corporation be subject to the open records law with the same exception; you could have
 the corporation not be subject to the open records law at all; you could have the
 corporation be subject to the open records law with respect to only certain types of records,
 such as financial. Regardless, the corporation would be subject to HIPAA confidentiality
 requirements and ss. 51.30, 146.82, and 252.15.

9 4. Keep its meetings open to the public to the extent required of governmental
10 bodies under subch. V of ch. 19.

11 5. Cooperate with the legislative audit bureau in the performance of the audits
12 under sub. (3).

13 6. Submit on each October 1 an annual report to the legislature under s. 13.172
14 (2) and to the governor regarding its activities.

15 (b) The corporation may contract with other organizations, entities, or
16 individuals for the performance of any of its functions.

17 (3) AUDITS. At least once every 2 years, the legislative audit bureau shall
18 conduct a financial audit of the corporation and a performance evaluation audit of
19 the health insurance purchasing arrangement under this chapter that includes an
20 audit of the corporation's policies and management practices. The legislative audit
21 bureau shall distribute a copy of each audit report under this subsection to the

1 legislature under s. 13.172 (2) and to the governor. The corporation shall reimburse
2 the legislative audit bureau for the cost of the audits and reports required under this
3 subsection.

4 **260.10 Health insurance purchasing accounts.** (1) ESTABLISHMENT AND
5 FUNDING. (a) Beginning in January 2006, the corporation shall establish a private
6 health insurance purchasing account for each eligible resident. Beginning in 2007,
7 the corporation annually shall credit each account with a premium amount that is
8 actuarially adjusted for the eligible resident based on age, sex, and other appropriate
9 risk factors determined by the board. Subject to sub. (2) and s. 260.20 (3), the
10 corporation shall pay the amount credited under this paragraph to the health benefit
11 plan selected by the eligible resident under s. 260.15 (2).

12 (b) 1. The health insurance purchasing account of an eligible resident who is
13 at least 18 years of age shall also include a health savings account, as described in
14 26 USC 223. For an eligible resident who is under 18 years of age when his or her
15 health insurance purchasing account is established, his or her health insurance
16 purchasing account shall include a health savings account beginning in the year in
17 which the eligible resident is 18 years of age on January 1.

****NOTE: Is this ok? This would require inclusion of an HSA if the individual is
18 when his or her account is *established* even if he or she turned 18 after January 1. For
those who are under 18 when their accounts are established, however, the HSA would not
be added when they turn 18 but at the beginning of the year after they turn 18 (unless,
of course, they turn 18 on January 1).

18 2. Beginning in 2007, the corporation annually shall deposit an amount into
19 each health savings account. In 2007, the amount deposited shall be \$600. The
20 amount deposited in each year thereafter shall be adjusted to reflect the annual
21 percentage change in the U.S. consumer price index for all urban consumers, U.S.

1 city average, as determined by the U.S. department of labor, for the 12-month period
2 ending on December 31 of the preceding year.

3 3. If the corporation estimates that revenues will exceed costs in a year, the
4 corporation may deposit into each health savings account an amount in addition to
5 the amount deposited under subd. 2, but not to exceed the maximum amount allowed
6 under federal law.

7 **(2) ADDITIONAL PAYMENT FOR DISPROPORTIONATE RISK.** The corporation may retain
8 a percentage of the amounts credited under sub. (1) (a) to pay to health benefit plans
9 that have incurred disproportionate risk not fully compensated for by the actuarial
10 adjustment in the amount credited to each account under sub. (1) (a).

11 **260.15 Health benefit plans.** **(1) PARTICIPATION OF INSURERS.** (a) The
12 corporation shall solicit bids from, and enter into contracts with, insurers for
13 providing coverage to eligible residents. Any insurer that is authorized to do
14 business in this state in one or more lines of insurance that includes health insurance
15 is eligible to submit a bid.

16 (b) In determining which insurers qualify to provide coverage, the corporation
17 shall use financial, coverage, and disclosure standards that are comparable to those
18 that the department of employee trust funds has used in qualifying insurers for
19 providing coverage under the state employee health plan under s. 40.51 (6).¹

20 **(2) PLAN SELECTION.** Beginning in 2006, the corporation shall offer an annual
21 open enrollment period in November during which each eligible resident shall select
22 a health benefit plan from among those offered. Coverage under the health benefit
23 plan that an eligible resident selects in November shall be effective on the following
24 January 1.

1 **260.20 Benefits.** (1) GENERALLY. Coverage under this chapter shall begin on
2 January 1, 2007, and shall include medical and hospital care coverage and
3 prescription drug coverage.

4 (2) BENEFITS WITHOUT COPAYMENTS. Notwithstanding s. 260.25, cost sharing
5 shall not apply to coverage of emergency care, as defined by the corporation, or to
6 coverage of certain preventive services or procedures, as determined by the
7 corporation, but including well-baby care, annual medical examinations for children
8 up to 18 years of age, medically indicated immunizations, annual gynecological
9 examinations for older girls and women, medically indicated Papanicolaou tests and
10 mammograms, annual medical examinations for older men, and medically indicated
11 colonoscopies.

12 (3) PHARMACY BENEFIT. (a) Except as provided in par. (b), the corporation shall
13 assume the risk for, and pay for, prescription drugs provided to eligible residents.
14 For this purpose, the corporation shall retain the portion of the amount credited
15 under s. 260.10 (1) (a) that is actuarially allocated for prescription drug coverage.

16 (b) If the corporation determines that the method of providing prescription
17 drug coverage under par. (a) is not cost-effective, the corporation may require the
18 health benefit plans to provide prescription drug coverage to eligible residents and
19 shall pay the portion of the amount credited under s. 260.10 (1) (a) that is actuarially
20 allocated for prescription drug coverage to the eligible residents' health benefit
21 plans.

22 (4) BENEFIT REDUCTION. (a) If the corporation determines, based on information
23 and recommendations received from its actuaries, that the assessment/tax under s.
24 ~~XX.XX~~ will not generate sufficient moneys for providing the health care benefits

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1 under subs. (1) to (3), the corporation shall inform the governor and the legislature
2 of all of the following:

***NOTE: I'm not sure whether the funding mechanism will be called an assessment or a tax and I don't know the statute number under which it will be imposed.

- 3 1. That the assessment/tax is insufficient.
- 4 2. What increase in the assessment/tax would be required to maintain the
5 current benefit level.
- 6 3. Alternative benefit reductions that would be appropriate to avoid an increase
7 in the assessment/tax.
- 8 4. The benefit reductions that the corporation prefers.

9 (b) Unless legislation is enacted that implements a different solution, the
10 corporation shall implement the benefit reductions under par. (a) 4.

11 **260.25 Cost sharing. (1) PERSONS AT LEAST 18 YEARS OF AGE.** Subject to sub.
12 (3), in a year an eligible resident who is 18 years of age or older on January 1 of that
13 year shall pay the following cost-sharing amounts:

- 14 (a) An annual deductible of \$1,200.
- 15 (b) Except as provided in par. (c), for each visit to a clinic or physician's office,
16 a percentage, to be determined by the corporation, of the cost of covered benefits,
17 unless the corporation decides to require copayments instead of coinsurance.
- 18 (c) For each visit to a specialist, as determined by the corporation, a copayment
19 of \$35.
- 20 (d) For each use of hospital emergency facilities in a nonemergency situation,
21 as determined by the corporation, a copayment of \$250.
- 22 (e) For each prescription of a generic drug, a copayment of \$5; for each
23 prescription of a brand-name drug that is on the preferred list determined by the

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9-10

SECTION 5

1 corporation, a copayment of \$15; and for each prescription of a brand-name drug that
2 is not on the preferred list determined by the corporation, a copayment of \$35.

3 (2) PERSONS UNDER 18 YEARS OF AGE. Subject to sub. (3), in a year an eligible
4 resident who is under 18 years of age on January 1 of that year shall pay the following
5 cost-sharing amounts:

6 (a) An annual deductible of \$100.

7 (b) Except as provided in par. (c), for each visit to a clinic or physician's office,
8 a percentage, to be determined by the corporation, of the cost of covered benefits,
9 unless the corporation decides to require copayments instead of coinsurance.

10 (c) For each visit to a specialist, as determined by the corporation, a copayment
11 of \$15.

12 (d) For each use of hospital emergency facilities in a nonemergency situation,
13 as determined by the corporation, a copayment of \$250.

14 (e) For each prescription of a generic drug, a copayment of \$5; for each
15 prescription of a brand-name drug that is on the preferred list determined by the
16 corporation, a copayment of \$15; and for each prescription of a brand-name drug that
17 is not on the preferred list determined by the corporation, a copayment of \$35.

18 (3) MAXIMUM AMOUNTS. An eligible resident under sub. (1) may not be required
19 to pay more than \$2,000 per year in total cost sharing under sub. (1). An eligible
20 resident under sub. (2) may not be required to pay more than \$1,000 per year in total
21 cost sharing under sub. (2).

22 (4) ADJUSTMENTS FOR INFLATION. Notwithstanding subs. (1) to (3), beginning in
23 2008, the corporation annually shall adjust the deductible, copayment, and
24 maximum amounts to reflect the annual percentage change in the U.S. consumer
25 price index for all urban consumers, U.S. city average, as determined by the U.S.

1 department of labor, for the 12-month period ending on December 31 of the
2 preceding year.

***NOTE: This provision requires adjustment for all eligible residents, even those who do not have HSAs. Is this ok?

3 **260.30 Preexisting condition exclusion. (1) TO WHOM APPLICABLE.** Subject
4 to sub. (2), a health benefit plan may not provide coverage for any preexisting
5 condition, as defined by the corporation, of an eligible resident who, at any time
6 during the 12-month period before becoming an eligible resident, resided outside of
7 Wisconsin and who did not have health insurance coverage that was substantially
8 similar to the coverage provided under this chapter, as determined by the
9 corporation.

10 **(2) LENGTH OF EXCLUSION.** A preexisting condition exclusion under sub. (1) may
11 not extend beyond 36 months after the eligible resident obtains coverage, and
12 remains continuously covered, under this chapter.

***NOTE: Although the residency issue is not yet resolved, this limit on preexisting condition exclusions would not apply to persons who reside in Wisconsin for only part of the year because they would not be continuously covered, correct? Or do you want the 36 months of coverage to be a total but not necessarily continuous?

13 **260.60 Including certain residents who are eligible for Medical**
14 **Assistance. (1) PLAN.** The corporation and the department of health and family
15 services shall jointly develop a plan for providing health care coverage under the
16 health insurance purchasing arrangement established under this chapter to
17 individuals who satisfy the criteria under s. 260.01 (3) (a) to (c) and who are eligible
18 for medical assistance under subch. IV of ch. 49 in the low-income families category,
19 as determined under 2005 Wisconsin Act ... (this act), section 6 (1) (b), or for health
20 care coverage under the Badger Care health care program under s. 49.665.

***NOTE: Does the definition of "eligible resident" under s. 260.01 (3) (a) to (c) automatically exclude those persons who are eligible for MA based on age or disability?

1 (2) WAIVER REQUEST. The department of health and family services shall, no
2 later than July 1, 2006, request waivers from the secretary of the federal department
3 of health and human services for all of the following purposes:

4 (a) To implement the plan developed under sub. (1). ✓

5 (b) To allow the use of federal financial participation to fund, to the maximum
6 extent possible, health care coverage under the arrangement established under this
7 chapter for individuals specified in sub. (1).

8 (3) PROPOSED LEGISLATION. If the waivers requested under sub. (2) are granted,
9 the department of health and family services shall submit to the appropriate
10 standing committees under s. 13.172 (3) proposed legislation that will implement the
11 provisions approved under the waivers.

12 **AR(A)** SECTION 6. Nonstatutory provisions.

13 **AR(B)** (1) PROPOSED LEGISLATION ON ELIGIBILITY OF AND APPROPRIATIONS FOR MEDICAL
14 ASSISTANCE AND BADGER CARE RECIPIENTS.

15 (a) *Definition.* In this subsection, “department” means the department of
16 health and family services.

17 **AR(C)** (b) *Eligibility categories for Medical Assistance.*

18 1. The department shall review the statutes and determine which statutory
19 provisions specify eligibility criteria for Medical Assistance by each of the following
20 categories of persons:

21 a. Low-income families.

22 b. Elderly or disabled persons.

23 2. No later than April 1, 2006, the department shall submit the findings of its
24 review under subdivision 1. to the appropriate standing committees of the
25 legislature in the manner provided under section 13.172 (3) of the statutes. If the

1 department determines that one or more statutory provisions provide eligibility
2 criteria that apply to both categories of persons under subdivision 1., along with its
3 findings the department shall submit proposed legislation specifying eligibility
4 criteria for Medical Assistance that clearly separates the 2 categories of persons
5 under subdivision 1. so that any single statutory unit applies to only one of the 2
6 categories.

7 (c) *Appropriations for Medical Assistance and Badger Care.*

8 1. The department and the legislative fiscal bureau shall review the following
9 Medical Assistance and Badger Care health care program appropriations to
10 determine what amount of each of the total amounts appropriated under each of the
11 appropriations is attributable to benefits provided to, or the administrative costs of
12 providing benefits to, Medical Assistance recipients in the category under paragraph

13 (b) 1. a. or Badger Care health care program recipients:

14 a. Section 20.435 (2) (gk) of the statutes.

15 b. Section 20.435 (4) (a), (b), (bc), (bm), (bn), (gp), (iL), (im), (in), (kt), (L), (vt),
16 (w), (wm), (wp), and (x) of the statutes.

17 c. Section 20.435 (6) (ga) and (k) of the statutes.

18 d. Section 20.435 (7) (b) of the statutes.

19 2. No later than April 1, 2006, the department and the legislative fiscal bureau
20 shall submit the findings of the review under subdivision 1. to the appropriate
21 standing committees of the legislature in the manner provided under section 13.172
22 (3) of the statutes, along with proposed legislation that does all of the following:

23 a. Creates, effective January 1, 2007, separate Medical Assistance
24 appropriations for the state's share of benefits and administrative costs for the
25 category of persons under paragraph (b) 1. a., along with the appropriate amounts

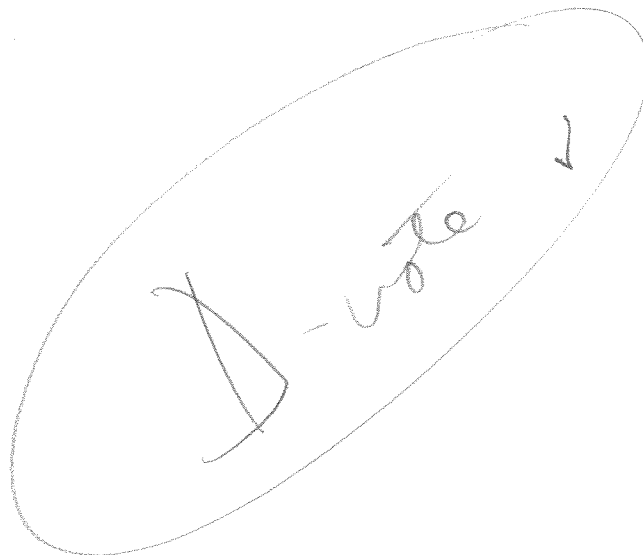
SECTION 6

1 in the schedule, and funds those appropriations from the health insurance
2 purchasing trust fund.

3 b. Creates, effective January 1, 2007, separate appropriations for the state's
4 share of benefits and administrative costs for the Badger Care health care program,
5 along with the appropriate amounts in the schedule, and funds those appropriations
6 from the health insurance purchasing trust fund.

7 c. Modifies, effective January 1, 2007, the Medical Assistance and Badger Care
8 health care program appropriations in current law that are affected by the creation
9 of the appropriations under subdivision 2. a. and b., along with the amounts in the
10 schedule, to account for the creation of the appropriations under subdivision 2. a. and
11 b., and funds the modified appropriations in the same manner as those
12 appropriations are funded under current law.

13 (END)



A handwritten signature, possibly "D-vote", is enclosed in a large, hand-drawn oval. An arrow points from the signature towards the right side of the page.

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2922/P1insMES
PJK/JK/MES:wlj:ch

MES + JK inserts

1 INSERT 1-8

2 SECTION ~~1~~ 20.566 (2) (j) of the statutes is created to read:

3 20.566 (2) (j) *Health insurance purchasing corporation assessment*
4 *administration*. One and one-half percent of all moneys collected under s. 260.22 (4)
5 (a), as described in s. 260.22 (4) (b), for the administration and collection of the
6 assessments under s. 260.22.

7 INSERT 9-10

8 **260.22 Assessments, individuals and businesses. (1) DEFINITIONS.** In this
9 section:

10 (a) "Department" means the department of revenue.

11 (b) "Employer" means a person who is required under the Internal Revenue
12 Code to file form 941.

13 (c) "Medicare wages" means:

14 1. For purposes of sub. (2), the amount of net earnings from self-employment,
15 as defined in section 1402 (a) of the Internal Revenue Code, received by an individual
16 in a taxable year.

17 2. For purposes of sub. (3), the amount of wages, as defined in section 3121 (a)
18 of the Internal Revenue Code, paid by an employer in a taxable year with respect to
19 employment, as defined in section 3121 (b) of the Internal Revenue Code.

20 (d) "Self-employed individual" means an individual who is required under the
21 Internal Revenue Code to file schedule SE.

1 (e) "Wisconsin earnings" means wage, salary, or tip income earned by an
2 individual in a taxable year that is paid by, or earned while working for, a person who
3 is domiciled in this state.

4 (2) INDIVIDUALS. (a) A self-employed individual shall pay one of the following
5 amounts, as provided in sub. (4):

- 6 1. Eight percent of the first \$100,000 of medicare wages.
- 7 2. Nine percent of the ^{2nd}second \$100,000 of medicare wages.
- 8 3. Ten percent of the ^{3rd}third \$100,000 of medicare wages.
- 9 4. Eleven percent of the ^{4th}fourth \$100,000 of medicare wages.
- 10 5. Twelve percent of all remaining medicare wages.

11 (b) If an individual has an employer and Wisconsin earnings of less than ✓
12 \$10,000, or less than \$20,000 if married and filing jointly, and whose federal adjusted
13 gross income is more than \$20,000, or more than \$40,000 if married and filing jointly,
14 the individual shall pay the lesser of the following amounts, as provided in sub. (4):

- 15 1. Ten percent of the difference between adjusted gross income and Wisconsin
- 16 earnings.
- 17 2. If the individual is single, or married and filing separately, \$2,000.
- 18 3. If the individual is married and filing jointly, \$4,000.

19 (3) BUSINESSES. (a) Except as provided in par. (b), an employer shall pay one
20 of the following amounts, as provided in sub. (4):

- 21 1. Eight percent of the first \$100,000 of medicare wages.
- 22 2. Nine percent of the ^{2nd}second \$100,000 of medicare wages.
- 23 3. Ten percent of the ^{3rd}third \$100,000 of medicare wages.
- 24 4. Eleven percent of the ^{4th}fourth \$100,000 of medicare wages.
- 25 5. Twelve percent of all remaining medicare wages.

1 (b) An employer who, on January 1, 2007, provides health care coverage to
 2 employees pursuant to a collective bargaining agreement entered into with a union,
 3 may exclude from the amount of medicare wages subject to the assessment under
 4 par. (a) the amount of medicare wages of any employee who receives health care
 5 coverage under the agreement.

6 (4) COLLECTION OF ASSESSMENTS. (a) The department shall collect the amounts
 7 that an individual is required to pay under sub. (2), either through an assessment
 8 that is collected as part of the income tax under subch. I of ch. 71, or through another
 9 method devised by the department. The department shall collect the amounts that
 10 an employer is required to pay under sub. (3), either through an assessment that is
 11 collected as part of the tax under subch. IV of ch. 71, or through another method
 12 devised by the department. Section 71.80 (1) (c), as it applies to ch. 71, applies to the
 13 department's collection of amounts under this section.

14 (b) From the amounts that the department collects under par. (a), 98.5 percent
 15 of the amount collected shall be deposited into the health insurance purchasing trust
 16 fund under s. 25.775 and ~~one and one-half~~ ⁶⁵ percent of the amount collected shall be
 17 deposited ^{to} in the appropriation account under s. 20.566 (2) (j).

****NOTE: Is the percentage that DOR retains under this paragraph consistent with your intent?

18 INS DN-MES

19 Starting this program on January 1 of a year may cause a lag in funding the
 20 program if DOR decides to collect the assessments through the individual income tax
 21 system. Assessments based on an individual's 2006 return, which will be filed in
 22 April 2007, may cause a funding gap if coverage applies and premiums must be paid
 23 on January 1, 2007, if you are counting on these assessments as a funding source

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beginning on January 1, 2007. You may wish to consider starting the program on July 1, 2007.



DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2922/P2dn

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August 15, 2005

Defining eligibility, in terms of who is a "resident," seems to be a major area that is still unresolved. In your latest comments, you indicated that you wanted to incorporate the state law that allows the UW to designate resident and nonresident categories for students. The designation is not actually who is a resident and who is a nonresident, but who is exempt from the payment of nonresident tuition. See s. 36.27 (2). I don't think this statute lends itself very well to use in this draft for who is eligible, or not eligible, for the program. In addition, it would increase the eligibility waiting period from the current six months to one year. If you want to use it or any part of it, however, let me know how you want to modify it. If you want to specify that nonresident students at the UW System are not eligible, as you indicated, I could exclude from eligibility persons who are "not exempt from the payment of nonresident tuition under s. 36.27 (2)."

I can see the case for limiting eligibility for the program established in this draft to persons who have lived in the state for at least six months. From the case law it is often difficult to determine exactly why certain "benefits" may not be subject to any sort of waiting period while others may be. One aspect to consider, however, is whether the benefit may be obtained and then "used" elsewhere or whether the "benefit" is so essential a part of living that it can only be "used" where it is obtained, such as welfare benefits. In this case, I can see wanting to discourage someone from establishing a residence in this state just to get "free" treatment for a particular condition and then leaving the state immediately after getting the treatment. Also, the waiting period in this draft does not infringe on a person's right to travel in the way that a waiting period for welfare benefits does. Unlike welfare benefits, a person is not discouraged from moving here because he or she will be denied something for a period that he or she had before the move. A person who moves here is not being denied health care or health care coverage, just participation in a *particular* program of coverage for a period. During the first six months, a new resident who is not eligible for a public health care program, such as MA, may purchase coverage in the private market, keep his or her current coverage in effect, not have coverage but purchase health care services as needed, etc.

You asked about private colleges and the resident/nonresident issue. My understanding is that private colleges are not regulated with respect to tuition; they are free to do as they please. Tuition at private colleges is usually the same for all students, regardless of residence.

You also indicated that you do not want persons who do not live, or intend to live, here all year long to be eligible for the program. If that is the case, you will have to decide the length of time that is relevant for eligibility, i.e., the number of months, days, weeks, etc., that a person lives outside the state each year that makes the person ineligible for the program.

Since you want the corporation to decide what "legally domiciled" means, perhaps the corporation could decide these and other issues related to residence. You could specifically list a number of issues that you want the corporation to address when determining legal domicile, such as part-time residency each year in another state; attendance at a college or university (or another type of school) in the state, but residency in another state when not attending school; etc. Another suggestion is specifically excluding from the definition of "eligible resident" persons who are part-time residents, as determined by the corporation; persons who attend school in the state but who are residents of another state or country, as determined by the corporation; etc.

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INS DN-MES ✓

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2922/P2dn
PJK:wlj:jf

October 4, 2005

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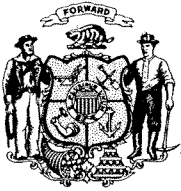
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Since you want the corporation to decide what "legally domiciled" means, perhaps the corporation could decide these and other issues related to residence. You could specifically list a number of issues that you want the corporation to address when determining legal domicile, such as part-time residency each year in another state; attendance at a college or university (or another type of school) in the state, but residency in another state when not attending school; etc. Another suggestion is specifically excluding from the definition of "eligible resident" persons who are part-time residents, as determined by the corporation; persons who attend school in the state but who are residents of another state or country, as determined by the corporation; etc.

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Starting this program on January 1 of a year may cause a lag in funding the program if DOR decides to collect the assessments through the individual income tax system. Assessments based on an individual's 2006 return, which will be filed in April 2007, may cause a funding gap if coverage applies and premiums must be paid on January 1, 2007, if you are counting on these assessments as a funding source beginning on January 1, 2007. You may wish to consider starting the program on July 1, 2007.

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State of Wisconsin
2005 - 2006 LEGISLATURE

rm is run
LRB-2922/P2
PJK/JK/MES:wjjf
"Kay"
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P3

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Mon, please

PLS - V A.R.S

LPS: PLS
RE-SAT

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V4

1 AN ACT to create 13.94 (1s) (c) 4., 20.566 (2) (j), 20.855 (8m), 25.17 (1) (gd), 25.775
2 and chapter 260 of the statutes; relating to: creating the Health Insurance
3 Purchasing Corporation of Wisconsin, establishing a health insurance
4 purchasing arrangement through the use of private accounts for all state
5 residents, and making appropriations.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version.

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

6 SECTION 1. 13.94 (1s) (c) 4. of the statutes is created to read:

7 13.94 (1s) (c) 4. The Health Insurance Purchasing Corporation of Wisconsin for
8 the cost of the audits required under s. 260.05 (3).
9

9 SECTION 2. 20.566 (2) (j) of the statutes is created to read:

10 20.566 (2) (j) Health insurance purchasing corporation assessment
11 administration. One and one-half percent of all moneys collected under s. 260.22 (4)

A sum sufficient equal to no more than one

Private

Private

50

1 (a), as described in s. 260.22 (4) (b), for the administration and collection of the
2 assessments under s. 260.22.

50
50
CS
PRIVATE
CS

3 SECTION 3. 20.855 (8m) of the statutes is created to read:

4 20.855 (8m) HEALTH INSURANCE PURCHASING CORPORATION OF WISCONSIN. (r)

5 *Health insurance purchasing accounts and administration.* After deducting the

6 amounts appropriated for the state's share of benefits and administrative costs

7 under the Medical Assistance program that are attributable to the low-income

8 families category, as determined under 2005 Wisconsin Act ... (this act), section 7 (1)

9 (b), and the amounts appropriated for the state's share of benefits and administrative

10 costs under the Badger Care health care program under s. 49.665, the balance of the

11 moneys paid into the health insurance purchasing trust fund to be paid to the Health

12 Insurance Purchasing Corporation of Wisconsin for establishing, funding, and

13 managing, and assisting individuals with the use of, the health insurance

14 purchasing accounts established under ch. 260.

15 SECTION 4. 25.17 (1) (gd) of the statutes is created to read:

16 25.17 (1) (gd) Health insurance purchasing trust fund (s. 25.775);

17 SECTION 5. 25.775 of the statutes is created to read:

18 **25.775 Health insurance purchasing trust fund.** There is established a

19 separate, nonlapsible trust fund designated as the health insurance purchasing

20 trust fund, consisting of 98.5 percent of all moneys collected under s. 260.22.

21 SECTION 6. Chapter 260 of the statutes is created to read:

22 **CHAPTER 260**

23 **HEALTH INSURANCE PURCHASING ACCOUNTS**

24 **260.01 Definitions.** In this chapter:

25 (1) "Board" means the board of directors of the corporation.

V.A.R.s

Private

Private

1 (2) "Corporation" means the Health Insurance Purchasing Corporation of
2 Wisconsin.

3 (3) "Eligible resident" means an individual who satisfies all of the following
4 criteria:

5 (a) The individual has been legally domiciled, as defined by the corporation, in
6 this state for at least 6 months, except that, if a child is under 6 months of age, the
7 child is an "eligible resident" if the child lives in this state and at least one of the
8 child's parents or the child's guardian has been legally domiciled, as defined by the
9 corporation, in this state for at least 6 months.

10 (b) The individual is under 65 years of age.

11 (c) The individual is not eligible for health care coverage from the federal
12 government, is not an inmate of a penal facility, as defined in s. 19.32 (1e), and is not
13 placed or confined in, or committed to, an institution for the mentally ill or
14 developmentally disabled.

15 (d) Unless a waiver^{is} requested under s. 260.60 (2) is granted and in effect, the
16 individual is not eligible for medical assistance under subch. IV of ch. 49 or for health
17 care coverage under the Badger Care health care program under s. 49.665.

18 **260.05 Health Insurance Purchasing Corporation of Wisconsin.** (1)
19 INCORPORATION. The secretary of administration shall do all of the following:

20 (a) Draft and file articles of incorporation for a nonstock corporation under ch.
21 181 and take all actions necessary to exempt the corporation from federal taxation
22 under section 501 (c) (3) of the Internal Revenue Code.

23 (b) Provide in the articles of incorporation filed under par. (a) all of the
24 following:

*(B)
Private*

Private

1 1. That the name of the corporation is the "Health Insurance Purchasing
2 Corporation of Wisconsin."

3 2. That the board shall consist of ⁸9 directors who, except for the initial directors,
4 shall be designated or appointed as follows:

5 a. One designated by Wisconsin Manufacturers and Commerce.

6 b. One designated by the Wisconsin State American Federation of Labor and
7 Congress of Industrial Organizations.

8 c. One designated by the Metropolitan Milwaukee Association of Commerce.

9 d. One designated by the Wisconsin office of the National Federation of
10 Independent Business.

11 e. One designated by the Wisconsin Farm Bureau Federation.

12 f. One designated by the Wisconsin Technology Council. *el*

13 ~~f~~g. One designated by the SEIU Wisconsin State Council.

14 ~~g~~h. Two designated by the governor to represent consumers.

15 3. That the term of a director shall be 4 years, except that the term of an initial
16 director shall be one year.

17 4. The names and addresses of the initial directors.

18 5. That ⁷8 votes shall be necessary for adoption of any decision of the board,
19 except for those designated categories of decisions, if any, that the board agrees to
20 adopt by a simple majority of the votes.

21 (c) In consultation with the persons charged with designating the directors
22 under par. (b) 2. a. to ^gh., designate the initial directors. *keep*

23 (d) Draft bylaws for adoption by the board.

24 (2) DUTIES. (a) As a condition for the release of funds under s. 20.855 (8m) (r),
25 the corporation shall do all of the following:

1 (a) ~~4~~ Establish, fund, and manage health insurance purchasing accounts in the
2 manner provided in this chapter; assist eligible residents in using their accounts to
3 purchase health care coverage; and perform all other functions required of the
4 corporation under this chapter.

5 (b) ~~2~~ Establish an independent and binding appeals process for resolving disputes
6 over eligibility and other determinations made by the corporation.

7 (c) ~~3~~ Keep its records open at all times to inspection and examination by the
8 governor ~~or~~ ^{the secretary of administration} any committee of either or both houses of the legislature

***NOTE: ETF is subject to the open records law except with respect to individual personal information in records of the department. See s. 40.07. You could have the corporation be subject to the open records law with the same exception; you could have the corporation not be subject to the open records law at all; you could have the corporation be subject to the open records law with respect to only certain types of records, such as financial. Regardless, the corporation would be subject to HIPAA confidentiality requirements and ss. 51.30, 146.82, and 252.15.

9 (d) ~~4~~ Keep its meetings open to the public to the extent required of governmental
10 bodies under subch. V of ch. 19.

11 (e) ~~5~~ Cooperate with the legislative audit bureau in the performance of the audits
12 under sub. (3). ⁴

13 (f) ~~6~~ Submit on each October 1 an annual report to the legislature under s. 13.172
14 (2) and to the governor regarding its activities ^{and including any recommendations of the}

15 (b) The corporation may contract with other organizations, entities, or
16 individuals for the performance of any of its functions.

Sub 5-16

17 (b) ~~4~~ ⁽³⁾ AUDITS. At least once every 2 years, the legislative audit bureau shall
18 conduct a financial audit of the corporation and a performance evaluation audit of
19 the health insurance purchasing arrangement under this chapter that includes an
20 audit of the corporation's policies and management practices. The legislative audit
21 bureau shall distribute a copy of each audit report under this subsection to the

the legislative fiscal bureau and the legislative audit bureau

1 legislature under s. 13.172 (2) and to the governor. The corporation shall reimburse
2 the legislative audit bureau for the cost of the audits and reports required under this
3 subsection.

4 **260.10 Health insurance purchasing accounts.** (1) ESTABLISHMENT AND

5 FUNDING. (a) Beginning in January ~~2006~~²⁰⁰⁸, the corporation shall establish a private
6 health insurance purchasing account for each eligible resident. Beginning in ~~2007~~²⁰⁰⁹,
7 the corporation annually shall credit each account with a premium amount that is
8 actuarially adjusted for the eligible resident based on age, sex, and other appropriate
9 risk factors determined by the board. Subject to sub. (2) and s. 260.20 (3), the
10 corporation shall pay the amount credited under this paragraph to the health benefit
11 plan selected by the eligible resident under s. 260.15 (2). ³ *or to which the eligible resident has been assigned*

12 (b) 1. The health insurance purchasing account of an eligible resident who is
13 at least 18 years of age shall also include a health savings account, as described in
14 26 USC 223. For an eligible resident who is under 18 years of age when his or her
15 health insurance purchasing account is established, his or her health insurance
16 purchasing account shall include a health savings account beginning in the year in
17 which the eligible resident is 18 years of age on January 1. ✓

****NOTE: Is this ok? This would require inclusion of an HSA if the individual is 18 when his or her account is established even if he or she turned 18 after January 1. For those who are under 18 when their accounts are established, however, the HSA would not be added when they turn 18 but at the beginning of the year after they turn 18 (unless, of course, they turn 18 on January 1).

18 2. Beginning in ~~2007~~²⁰⁰⁹, the corporation annually shall deposit an amount into
19 each health savings account. In ~~2007~~²⁰⁰⁹, the amount deposited shall be ~~\$600~~⁵⁰⁰. The
20 amount deposited in each year thereafter shall be adjusted to reflect the annual
21 percentage change in the U.S. consumer price index for all urban consumers, U.S.

1 city average, as determined by the U.S. department of labor, for the 12-month period
2 ending on December 31 of the preceding year.

3 3. If the corporation estimates that revenues will exceed costs in a year, the
4 corporation may deposit into each health savings account an amount in addition to
5 the amount deposited under subd. 2, but not to exceed the maximum amount allowed
6 under federal law. *keep*

7 (2) ADDITIONAL PAYMENT FOR DISPROPORTIONATE RISK. The corporation may retain
8 a percentage of the amounts credited under sub. (1) (a) to pay to health benefit plans
9 that have incurred disproportionate risk not fully compensated for by the actuarial
10 adjustment in the amount credited to each account under sub. (1) (a). *Insert 7-10*

11 **260.15 Health benefit plans.** (1) PARTICIPATION OF INSURERS. (a) The
12 corporation shall solicit bids from, and enter into contracts with, insurers for
13 *offering* providing coverage to eligible residents. Any insurer that is authorized to do
14 business in this state in one or more lines of insurance that includes health insurance
15 is eligible to submit a bid.

16 (b) In determining which insurers qualify to *offer* provide coverage, the corporation
17 shall use financial, coverage, and disclosure standards that are comparable to those
18 that the department of employee trust funds has used in qualifying insurers for
19 *offering* providing coverage under the state employee health plan under s. 40.51 (6).

20 (2) PLAN SELECTION. Beginning in *2008* 2006, the corporation shall offer an annual
21 open enrollment period in November during which each eligible resident *may* shall select
22 a health benefit plan from among those offered. Coverage under the health benefit
23 plan that an eligible resident selects in November shall be effective on the following
24 January 1. *Insert 7-24*

during an annual open enrollment period

Insert 7-6

Insert 7-19

2009

1 **260.20 Benefits.** (1) **GENERALLY.** Coverage under this chapter shall begin on
2 January 1, 2007, and shall include medical and hospital care coverage and
3 prescription drug coverage. *and limited dental care coverage*

4 (2) **BENEFITS WITHOUT COPAYMENTS.** Notwithstanding s. 260.25, cost sharing
5 shall not apply to coverage of emergency care, as defined by the corporation, or to
6 coverage of certain preventive services or procedures, as determined by the
7 corporation, but including well-baby care, annual medical examinations for children
8 up to 18 years of age, medically indicated immunizations, annual gynecological
9 examinations for older girls and women, medically indicated Papanicolaou tests and
10 mammograms, annual medical examinations for older men, and medically indicated
11 colonoscopies.

Insert 8-11

12 (3) **PHARMACY BENEFIT.** (a) Except as provided in par. (b), the corporation shall
13 assume the risk for, and pay for, prescription drugs provided to eligible residents.
14 For this purpose, the corporation shall retain the portion of the amount credited
15 under s. 260.10 (1) (a) that is actuarially allocated for prescription drug coverage.

16 (b) If the corporation determines that the method of providing prescription
17 drug coverage under par. (a) is not cost-effective, the corporation may require the
18 health benefit plans to provide prescription drug coverage to eligible residents and
19 shall pay the portion of the amount credited under s. 260.10 (1) (a) that is actuarially
20 allocated for prescription drug coverage to the eligible residents' health benefit
21 plans.

Insert 8-21

22 (4) **BENEFIT REDUCTION.** (a) If the corporation determines, based on information
23 and recommendations received from its actuaries, that the assessment under s.
24 260.22 will not generate sufficient moneys for providing the health care benefits

350

① under subs. (1) to ~~(3)~~⁴, the corporation shall inform the governor and the legislature
2 of all of the following:

- 3 1. That the assessment is insufficient.
- 4 2. What increase in the assessment would be required to maintain the current
- 5 benefit level.
- 6 3. Alternative benefit reductions that would be appropriate to avoid an increase
- 7 in the assessment.
- 8 4. The benefit reductions that the corporation prefers.

9 (b) Unless legislation is enacted that implements a different solution, the
10 corporation shall implement the benefit reductions under par. (a) 4.

⑪ ^{260.50}~~260.22~~ **Assessments, individuals and businesses.** (1) DEFINITIONS. In this
12 section:

- 13 (a) "Department" means the department of revenue.
- 14 (b) "Employer" means a person who is required under the Internal Revenue
- 15 Code to file form 941.
- 16 (c) "Medicare wages" means:
- 17 1. For purposes of sub. (2), the amount of net earnings from self-employment,
- 18 as defined in section 1402 (a) of the Internal Revenue Code, received by an individual
- 19 in a taxable year.
- 20 2. For purposes of sub. (3), the amount of wages, as defined in section 3121 (a)
- 21 of the Internal Revenue Code, paid by an employer in a taxable year with respect to
- 22 employment, as defined in section 3121 (b) of the Internal Revenue Code.
- 23 (d) "Self-employed individual" means an individual who is required under the
- 24 Internal Revenue Code to file schedule SE.

Insert 14-1 (201) (103)

SECTION 6

1 (e) "Wisconsin earnings" means wage, salary, or tip income earned by an
2 individual in a taxable year that is paid by, or earned while working for, a person who
3 is domiciled in this state.

4 (2) INDIVIDUALS. (a) A self-employed individual shall pay one of the following
5 amounts, as provided in sub. (4):

- 6 1. Eight percent of the first \$100,000 of medicare wages.
- 7 2. Nine percent of the 2nd \$100,000 of medicare wages.
- 8 3. Ten percent of the 3rd \$100,000 of medicare wages.
- 9 4. Eleven percent of the 4th \$100,000 of medicare wages.
- 10 5. Twelve percent of all remaining medicare wages.

11 (b) If an individual has an employer and Wisconsin earnings of less than
12 \$10,000, or less than \$20,000 if married and filing jointly, and whose federal adjusted
13 gross income is more than \$20,000, or more than \$40,000 if married and filing jointly,
14 the individual shall pay the lesser of the following amounts, as provided in sub. (4):

- 15 1. Ten percent of the difference between adjusted gross income and Wisconsin
16 earnings.
- 17 2. If the individual is single, or married and filing separately, \$2,000.
- 18 3. If the individual is married and filing jointly, \$4,000.

19 (3) BUSINESSES. (a) Except as provided in par. (b), an employer shall pay one
20 of the following amounts, as provided in sub. (4):

- 21 1. Eight percent of the first \$100,000 of medicare wages.
- 22 2. Nine percent of the 2nd \$100,000 of medicare wages.
- 23 3. Ten percent of the 3rd \$100,000 of medicare wages.
- 24 4. Eleven percent of the 4th \$100,000 of medicare wages.
- 25 5. Twelve percent of all remaining medicare wages.

Insert (4-1) (283)

Insert 14-1 (303)

(b) An employer who, on January 1, 2007, provides health care coverage to employees pursuant to a collective bargaining agreement entered into with a union may exclude from the amount of medicare wages subject to the assessment under par. (a) the amount of medicare wages of any employee who receives health care coverage under the agreement.

(4) COLLECTION OF ASSESSMENTS. (a) The department shall collect the amounts that an individual is required to pay under sub. (2), either through an assessment that is collected as part of the income tax under subch. I of ch. 71, or through another method devised by the department. The department shall collect the amounts that an employer is required to pay under sub. (3), either through an assessment that is collected as part of the tax under subch. IV of ch. 71, or through another method devised by the department. Section 71.80 (1) (c), as it applies to ch. 71, applies to the department's collection of amounts under this section.

(b) From the amounts that the department collects under par. (a), 98.5 percent of the amounts collected shall be deposited into the health insurance purchasing trust fund under s. 25.775 and 1.5 percent of the amounts collected shall be deposited into the appropriation account under s. 20.566 (2) (j).

****NOTE: Is the percentage that DOR retains under this paragraph consistent with your intent?

(and fins 14-1)

260.25 Cost sharing. (1) ~~PERSONS AT LEAST 18 YEARS OF AGE~~. Subject to sub. (3), in a year an eligible resident who is 18 years of age or older on January 1 of that year shall pay the following cost-sharing amounts:
(a) An annual deductible of \$1,200.

deductible amount

(CS) DEDUCTIBLES

SECTION 6

1 (b) Except as provided in par. (c), for each visit to a clinic or physician's office,
2 a percentage, to be determined by the corporation, of the cost of covered benefits,
3 unless the corporation decides to require copayments instead of coinsurance.

4 (c) For each visit to a specialist, as determined by the corporation, a copayment
5 of \$35.

6 (d) For each use of hospital emergency facilities in a nonemergency situation,
7 as determined by the corporation, a copayment of \$250.

8 (e) For each prescription of a generic drug, a copayment of \$5; for each
9 prescription of a brand-name drug that is on the preferred list determined by the
10 corporation, a copayment of \$15; and for each prescription of a brand-name drug that
11 is not on the preferred list determined by the corporation, a copayment of \$35.

12 (2) PERSONS UNDER 18 YEARS OF AGE. Subject to sub. (3), in a year an eligible
13 resident who is under 18 years of age on January 1 of that year shall pay the following
14 cost-sharing amounts:

15 (a) An annual deductible of \$100.

16 (b) Except as provided in par. (c), for each visit to a clinic or physician's office,
17 a percentage, to be determined by the corporation, of the cost of covered benefits,
18 unless the corporation decides to require copayments instead of coinsurance.

19 (c) For each visit to a specialist, as determined by the corporation, a copayment
20 of \$15.

21 (d) For each use of hospital emergency facilities in a nonemergency situation,
22 as determined by the corporation, a copayment of \$250.

23 (e) For each prescription of a generic drug, a copayment of \$5; for each
24 prescription of a brand-name drug that is on the preferred list determined by the

13
14
15

b ← (a) → For

Insert 13-2

1 corporation, a copayment of \$15; and for each prescription of a brand-name drug that
2 is not on the preferred list determined by the corporation, a copayment of \$35.

3 (3) MAXIMUM AMOUNTS. An eligible resident under sub. (1) may not be required
4 to pay more than \$2,000 per year in total cost sharing under sub. (1). An eligible
5 resident under sub. (2) may not be required to pay more than \$1,000 per year in total
6 cost sharing under sub. (2).

Insert 13-6

7 (4) ADJUSTMENTS FOR INFLATION. Notwithstanding subs. (1) to (3), beginning in
8 2008, the corporation annually shall adjust the deductible, copayment, and
9 maximum amounts to reflect the annual percentage change in the U.S. consumer
10 price index for all urban consumers, U.S. city average, as determined by the U.S.
11 department of labor, for the 12-month period ending on December 31 of the
12 preceding year.

****NOTE: This provision requires adjustment for all eligible residents, even those who do not have HSAs. Is this ok?

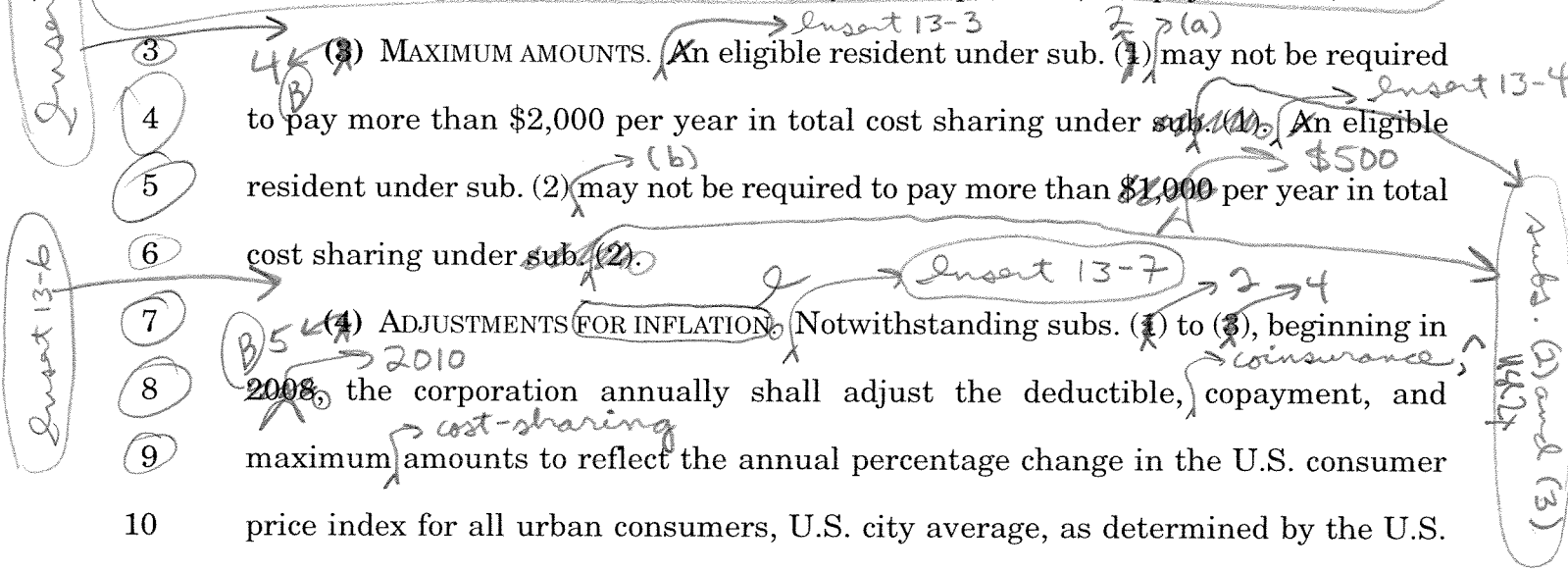
13 **260.30 Preexisting condition exclusion.** (1) TO WHOM APPLICABLE. Subject
14 to sub. (2), a health benefit plan may not provide coverage for any preexisting
15 condition, as defined by the corporation, of an eligible resident who, at any time
16 during the 12-month period before becoming an eligible resident, resided outside of
17 Wisconsin and who did not have health insurance coverage that was substantially
18 similar to the coverage provided under this chapter, as determined by the
19 corporation.

20 (2) LENGTH OF EXCLUSION. A preexisting condition exclusion under sub. (1) may
21 not extend beyond 36 months after the eligible resident obtains coverage, and
22 remains continuously covered, under this chapter.

****NOTE: Although the residency issue is not yet resolved, this limit on preexisting condition exclusions would not apply to persons who reside in Wisconsin for only part of

Insert 13-22

Subs. (1) and (3)
1407



the year because they would not be continuously covered, correct? Or do you want the 36 months of coverage to be a total, but not necessarily continuous?

260.60 Including certain residents who are eligible for Medical

Assistance. (1) PLAN. The corporation and the department of health and family services shall jointly develop a plan for providing health care coverage under the health insurance purchasing arrangement established under this chapter to individuals who satisfy the criteria under s. 260.01 (3) (a) to (c) and who are eligible for Medical Assistance under subch. IV of ch. 49 in the low-income families category, as determined under 2005 Wisconsin Act ... (this act), section 7 (1) (b), or for health care coverage under the Badger Care health care program under s. 49.665.

***NOTE: Does the definition of "eligible resident" under s. 260.01 (3) (a) to (c) automatically exclude those persons who are eligible for MA based on age or disability?

(2) WAIVER REQUEST. The department of health and family services shall, no later than July 1, 2006, request waivers from the secretary of the federal department of health and human services for all of the following purposes:

(a) To implement the plan developed under sub. (1).

(b) To allow the use of federal financial participation to fund, to the maximum extent possible, health care coverage under the arrangement established under this chapter for individuals specified in sub. (1).

(3) PROPOSED LEGISLATION. If the waivers requested under sub. (2) are granted, the department of health and family services shall submit to the appropriate standing committees under s. 13.172 (3) proposed legislation that will implement the provisions approved under the waivers.

SECTION 7. Nonstatutory provisions.

(1) PROPOSED LEGISLATION ON ELIGIBILITY OF AND APPROPRIATIONS FOR MEDICAL ASSISTANCE AND BADGER CARE RECIPIENTS.

Insert 14-1
see pp. 9-11

VARs

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Insert 14-10

Insert 14-16

1 (a) *Definition.* In this subsection, “department” means the department of
2 health and family services.

3 (b) *Eligibility categories for Medical Assistance.*

4 1. The department shall review the statutes and determine which statutory
5 provisions specify eligibility criteria for Medical Assistance by each of the following
6 categories of persons:

7 a. Low-income families.

8 b. Elderly or disabled persons.

9 2. No later than April 1, ~~2006~~²⁰⁰⁸, the department shall submit the findings of its
10 review under subdivision 1. to the appropriate standing committees of the
11 legislature in the manner provided under section 13.172 (3) of the statutes. If the
12 department determines that one or more statutory provisions provide eligibility
13 criteria that apply to both categories of persons under subdivision 1., along with its
14 findings the department shall submit proposed legislation specifying eligibility
15 criteria for Medical Assistance that clearly separates the 2 categories of persons
16 under subdivision 1. so that any single statutory unit applies to only one of the 2
17 categories.

18 (c) *Appropriations for Medical Assistance and Badger Care.*

19 1. The department and the legislative fiscal bureau shall review the following
20 Medical Assistance and Badger Care health care program appropriations to
21 determine what amount of each of the total amounts appropriated under each of the
22 appropriations is attributable to benefits provided to, or the administrative costs of
23 providing benefits to, Medical Assistance recipients in the category under paragraph

24 (b) 1. a. or Badger Care health care program recipients:

25 a. Section 20.435 (2) (gk) of the statutes.

1 b. Section 20.435 (4) (a), (b), (bc), (bm), (bn), (gp), (iL), (im), (in), (kt), (L), (vt),
2 (w), (wm), (wp), and (x) of the statutes.

3 c. Section 20.435 (6) (ga) and (k) of the statutes.

4 d. Section 20.435 (7) (b) of the statutes.

5 2. No later than April 1, ~~2006~~²⁰⁰⁸, the department and the legislative fiscal bureau
6 shall submit the findings of the review under subdivision 1. to the appropriate
7 standing committees of the legislature in the manner provided under section 13.172
8 (3) of the statutes, along with proposed legislation that does all of the following:

9 a. Creates, effective January 1, ~~2007~~²⁰⁰⁹, separate Medical Assistance
10 appropriations for the state's share of benefits and administrative costs for the
11 category of persons under paragraph (b) 1. a., along with the appropriate amounts
12 in the schedule, and funds those appropriations from the health insurance
13 purchasing trust fund.

14 b. Creates, effective January 1, ~~2007~~²⁰⁰⁹, separate appropriations for the state's
15 share of benefits and administrative costs for the Badger Care health care program,
16 along with the appropriate amounts in the schedule, and funds those appropriations
17 from the health insurance purchasing trust fund.

18 c. Modifies, effective January 1, ~~2007~~²⁰⁰⁹, the Medical Assistance and Badger Care
19 health care program appropriations in current law that are affected by the creation
20 of the appropriations under subdivision 2. a. and b., along with the amounts in the
21 schedule, to account for the creation of the appropriations under subdivision 2. a. and
22 b., and funds the modified appropriations in the same manner as those
23 appropriations are funded under current law.

24 (END)