2005 DRAFTING REQUEST

Bill

Received: **09/23/2004**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-9546**

By/Representing: **Jablonsky**

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

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**
Health - miscellaneous

Extra Copies: **CMH**

Submit via email: **NO**

Pre Topic:

DOA:.....Jablonsky, BB0039 -

Topic:

HIRSP Medicare deductible

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	pkahler 09/28/2004	jdyer 10/01/2004		_____ _____			
/P1			rschluet 10/01/2004	_____ _____	lnorthro 10/01/2004		
/P2	pkahler 10/25/2004	jdyer 10/28/2004	rschluet 10/28/2004	_____ _____	lnorthro 10/28/2004		
/1	pkahler 01/10/2005	jdyer 01/10/2005	pgreensl 01/10/2005	_____ _____	lemery 01/10/2005		

FE Sent For:

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/P2	pkahler 10/25/2004	jdyer 10/28/2004	rschluet 10/28/2004	p8	lnorthro 10/28/2004		

1/10 jld 1/10 p8

FE Sent For:

<END>

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/P1		/P2 10/28 jld	rschluet 10/01/2004		lnorthro 10/01/2004		

FE Sent For:

10 28 4

<END> pG

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Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**
Health - miscellaneous

Extra Copies: CMH

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Topic:

HIRSP Medicare deductible

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Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	pkahler	pl 9/29 jld	10/1	4 CH			

FE Sent For:

<END>

BB0039

2003-05 Budget Bill Statutory Language Drafting Request

- Topic: HIRSP Medicare Deductible
- Tracking Code: (Assigned by Government Operations Team)
- SBO team: HRT
- SBO analyst: Susan Jablonsky
  - Phone: 7-9546
  - Email: sue.jablonsky@doa.state.wi.us
- Agency acronym: DHFS
- Agency number: 435

DHFS

Department of Health and Family Services
2005-2007 Biennial Budget Statutory Language Request
September 21, 2004

HIRSP Medicare Deductible

Current Language

Under Wis. Stat. 149.14(5)(a), the Health Insurance Risk Sharing Plan (HIRSP) shall offer a deductible in combination with appropriate premiums for major medical expense coverage. For coverage offered to those persons eligible for Medicare (plan 2), the plan shall offer a deductible equal to the deductible charged by Part A of Title XVIII of the Federal Social Security Act, as amended (Medicare).

Under Wis. Stat. 149.14(5)(c), HIRSP is required to pay 100% of all covered costs incurred if the aggregate of the covered costs not paid by the plan and the deductible exceeds $500 for an eligible person receiving Medicare during the calendar year

Proposed Change

Amend the statutes to require that the maximum medical out-of-pocket costs for individuals eligible for Medicare shall be equal to the Medicare Part A deductible in the year that the Plan 2 rates are established.

Effect of the Change

On an individual basis, setting the out-of-pocket maximum at the Medicare Part A deductible amount would require individuals with medical costs exceeding $500 to pay the increased costs up to the Medicare Part A deductible amount. Approximately 57% of Plan 2 enrollees currently meet the $500 deductible. If the $500 cap is removed and set at the Medicare Part A deductible it is estimated that HIRSP expenditures would be reduced by $222,900 SEG in FY06 and $482,800 SEG in FY07.

Rationale for the Change

Currently, there is an inconsistency in the statutes since one statutory provision states that Medicare eligible individuals should have a deductible equal to the Medicare Part A deductible, or $876 in CY04, while the other statutory provision states that the maximum medical expenditures that a recipient is required to pay is $500. Setting the cap at the Medicare deductible amount would resolve the inconsistency in statute and allow the deductible amount to be adjusted annually to account for the increases in medical costs. The

Medicare Part A deductible is adjusted annually based on increases in hospital costs. In CY05 the Medicare part A deductible will be $912.

Desired Effective Date:	Upon Passage of the Budget Bill
Agency:	DHFS
Agency Contact:	Curtis Cunningham
Phone:	266-5362

State of Wisconsin
2005 – 2006 LEGISLATURE

LRB–0269/1
PJK:.....

SOON

DOA:.....Jablonsky, BB0039 – HIRSP Medicare deductible

FOR 2005–07 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

The Health Insurance Risk–Sharing Plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV), persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition, as well as persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past (all called eligible persons). While eligible persons who are not covered under Medicare pay deductibles ranging from $500 to $2,500, generally depending on type of coverage and household income, an eligible person with Medicare coverage pays a deductible that is equal to the deductible under part A of Medicare.

The statutes provide that HIRSP will pay at least 80 percent of an eligible person's covered costs after those costs exceed the person's deductible, and will pay 100 percent of covered costs after the aggregate of covered costs not paid by HIRSP and the deductible exceed $2,000 for an eligible person not covered under Medicare and $500 for an eligible person covered under Medicare. Currently, however, the deductible under part A of Medicare exceeds $500. Thus, under the statutes, HIRSP

will begin paying 100 percent of covered costs incurred by an eligible person covered under Medicare before the person has paid the deductible. This bill corrects the inconsistency by providing that HIRSP will pay 100 percent of covered costs for an eligible person covered under Medicare after the covered costs exceed the person's deductible, which is equal to the deductible under part A of Medicare.

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

1 **SECTION 1.** 149.14 (5) (b) of the statutes is renumbered 149.14 (5) (b) (intro.)
2 and amended to read:

3 149.14 **(5)** (b) (intro.) Except as provided in pars. (c) and (e), if the covered costs
4 incurred by ~~the~~ an eligible person exceed the deductible for major medical expense
5 coverage in a calendar year, the plan shall pay either of the following:

6 1. For an eligible person who is not eligible for Medicare, at least ~~80%~~ 80 percent
7 of any additional covered costs incurred by the person during the calendar year.

History: 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 117, 146; 1983 a. 27; 1985 a. 29 s. 3202 (30); 1985 a. 332 s. 253; 1987 a. 27, 239; 1989 a. 332; 1991 a. 39, 269; 1995 a. 463; 1997 a. 27 ss. 3026c, 4847 to 4859; Stats. 1997 s. 149.14; 1997 a. 237; 1999 a. 9, 165; 2001 a. 16; 2003 a. 33.

8 **SECTION 2.** 149.14 (5) (b) 2. of the statutes is created to read:

9 149.14 **(5)** (b) 2. For an eligible person who is eligible for Medicare, 100 percent
10 of any additional covered costs incurred by the person during the calendar year.

11 **SECTION 3.** 149.14 (5) (c) of the statutes is amended to read:

12 149.14 **(5)** (c) Except as provided in par. (e), if the aggregate of the covered costs
13 not paid by the plan under par. (b) 1. and the deductible exceeds ~~$500 for an eligible~~
14 ~~person receiving medicare,~~ $2,000 ~~for any other~~ in a calendar year for an eligible
15 person ~~during a calendar year~~ who is not eligible for Medicare or $4,000 in a calendar
16 year for all eligible persons in a family who are not eligible for Medicare, the plan

1 shall pay 100% of all covered costs incurred by the eligible person during the calendar
2 year after the payment ceilings under this paragraph are exceeded.

History: 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 117, 146; 1983 a. 27; 1985 a. 29 s. 3202 (30); 1985 a. 332 s. 253; 1987 a. 27, 239; 1989 a. 332; 1991 a. 39, 269; 1995 a. 463; 1997 a. 27 ss. 3026c, 4847 to 4859; Stats. 1997 s. 149.14; 1997 a. 237; 1999 a. 9, 165; 2001 a. 16; 2003 a. 33.

3 **(END)**

D-note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–0269/1dn
PJK:...

Sue:

I'm not entirely sure about the amendment to ~~proposed~~ s. 149.14 (5) (c) 2. Should the $4,000 maximum out–of–pocket amount for all eligible persons in a family be limited to medicare–noneligible persons (as drafted), or should medicare–eligible persons in a family be included, too?

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266–2682
E–mail: pam.kahler@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–0269/P1dn
PJK:jld:rs

October 1, 2004

Sue:

I'm not entirely sure about the amendment to s. 149.14 (5) (c) 2. Should the $4,000 maximum out–of–pocket amount for all eligible persons in a family be limited to medicare–noneligible persons (as drafted), or should medicare–eligible persons in a family be included, too?

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266–2682
E–mail: pam.kahler@legis.state.wi.us

Kahler, Pam

From: Megna, Richard
Sent: Thursday, October 21, 2004 11:54 AM
To: Kahler, Pam
Cc: Jablonsky, Sue
Subject: RE: LRB Draft: 05-0269/P1 HIRSP Medicare deductible

Yes, that is correct. Richard

>>> "Kahler, Pam" <Pam.Kahler@legis.state.wi.us> 10/21/04 11:40AM >>>
Ok, I think I've got it now. For a Medicare-eligible person, HIRSP will pay 100% of costs after the deductible or $2,000 is paid, whichever is less.

-----Original Message-----
From: Megna, Richard
Sent: Thursday, October 21, 2004 11:37 AM
To: Kahler, Pam
Cc: Cunningham, Curtis; Kristan, Margaret; Jablonsky, Sue
Subject: RE: LRB Draft: 05-0269/P1 HIRSP Medicare deductible

Pam,

I did not mean to say that. For a person eligible for Medicare, HIRSP would pay 100% after the deductible. The reason for having the $2,000 limit apply to Medicare eligibles is that eventually, the Medicare Part
A deductible might exceed $2,000; so, the intention is to not let the limit for non-Medicare eligibles ever get to a point that it is lower than for Medicare eligibles.

Richard

>>> "Kahler, Pam" <Pam.Kahler@legis.state.wi.us> 10/21/04 11:17AM >>>
Richard:

So what you are saying is that, for a person eligible for Medicare, HIRSP will pay 80% of costs after the deductible is paid and 100% of costs after $2,000 (including the deductible) is paid?

Pam

-----Original Message-----
From: Megna, Richard
Sent: Thursday, October 21, 2004 10:34 AM
To: Kahler, Pam
Cc: Jablonsky, Sue; Cunningham, Curtis
Subject: LRB Draft: 05-0269/P1 HIRSP Medicare deductible

Pam,

Sue Jablonsky asked me to clarify the intention of the proposal on the HIRSP
Medicare deductible that you drafted.

The limit of $4,000 for a family in s. 149.14(5)(c) should apply to both
non-Medicare eligibles and Medicare eligibles. Thus, if you delete the
addition "who are not eligiblefor Medicare" from line 16 of your draft,

that
would.accomplish the intention of the proposal. That same addition
could
also
be deleted from line 15.

Richard Megna
DHFS

-----Original Message-----
Date: 10/19/2004 10:09 am -0500 (Tuesday)
From: Curtis Cunningham
To: Jablonsky, Sue
CC: Cunningham, Curtis; Kristan, Margaret; Malofsky, Shelley;
Megna, Richard
Subject: Fwd: FW: LRB Draft: 05-0269/P1 HIRSP Medicare deductible

Sue,
This draft should be changed. The intent of the proposal is to make
the
Plan 2 deductible equal to the Medicare deductible and get rid of the
$500
cap. There should be no change to the maximum out-of-pocket amounts.
The
$4,000 dollar deductible for a family should not change.

Let me know if you have any questions. If possible, I would like to
see the
changed draft language.

Thanks,
Curtis

-----Original Message-----
Date: 10/01/2004 02:09 pm -0500 (Friday)
From: Jablonsky, Sue
To: Cunningham. Curtis
Subject: FW: LRB Draft: 05-0269/P1 HIRSP Medicare deductible

-----Original Message-----
From: Schlueter, Ron [mailto:Ron.Schlueter@legis.state.wi.us]
Sent: Friday, October 01, 2004 11:21 AM
To: Jablonsky, Sue
Cc: Johnston, James; Hanaman, Cathlene; Haugen, Caroline; Schaeffer,
Carole
Subject: LRB Draft: 05-0269/P1 HIRSP Medicare deductible

Following is the PDF version of draft 05-0269/P1.

State of Wisconsin
2005 – 2006 LEGISLATURE

LRB–0269/P2
PJK:jld:rs

SOON

DOA:.....Jablonsky, BB0039 – HIRSP Medicare deductible

FOR 2005–07 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

The Health Insurance Risk–Sharing Plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV), and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition, as well as persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past (all called eligible persons). While an eligible person who is not covered under Medicare pays a deductible ranging from $500 to $2,500, generally depending on type of coverage and household income, an eligible person with Medicare coverage pays a deductible that is equal to the deductible under part A of Medicare.

The statutes provide that HIRSP will pay at least 80 percent of an eligible person's covered costs after those costs exceed the person's deductible, and will pay 100 percent of covered costs after the aggregate of covered costs not paid by HIRSP and the deductible exceeds $2,000 for an eligible person not covered under Medicare and $500 for an eligible person covered under Medicare. Currently, however, the deductible under part A of Medicare exceeds $500. Thus, under the statutes, HIRSP

and provides

the lesser of $2,000 or

will begin paying 100 percent of covered costs incurred by an eligible person covered under Medicare before the person has paid the deductible. This bill corrects the inconsistency ~~by providing~~ that HIRSP will pay 100 percent of covered costs for an eligible person covered under Medicare after the covered costs exceed the person's deductible, which is equal to the deductible under part A of Medicare.

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

1 **SECTION 1.** 149.14 (5) (b) of the statutes is renumbered 149.14 (5) (b) (intro.)
2 and amended to read:
3 149.14 **(5)** (b) (intro.) Except as provided in pars. (c) and (e), if the covered costs
4 incurred by ~~the~~ an eligible person exceed the deductible for major medical expense
5 coverage in a calendar year, the plan shall pay either of the following:
6 1. For an eligible person who is not eligible for Medicare, at least ~~80%~~ 80 percent
7 of any additional covered costs incurred by the person during the calendar year.
8 **SECTION 2.** 149.14 (5) (b) 2. of the statutes is created to read:
9 149.14 **(5)** (b) 2. For an eligible person who is eligible for Medicare, 100 percent
10 of any additional covered costs incurred by the person during the calendar year.
11 **SECTION 3.** 149.14 (5) (c) of the statutes is amended to read:
12 149.14 **(5)** (c) Except as provided in par. (e), if the aggregate of the covered costs
13 not paid by the plan under par. (b) 1. and the deductible exceeds ~~$500 for an eligible~~
14 ~~person receiving medicare,~~ $2,000 ~~for any other~~ in a calendar year for an eligible
15 person ~~during a calendar year~~ who is not eligible for Medicare or $4,000 in a calendar
16 year for all eligible persons in a family who are not eligible for Medicare, the plan
17 shall pay 100% of all covered costs incurred by the eligible person during the calendar
18 year after the payment ceilings under this paragraph are exceeded.
19 **(END)**

Insert 2-19

LPS- [illegible] component

2005–2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–0269/P2ins
PJK:jld:rs

Insert 2-19

SECTION 1. 149.14 (5) (b) of the statutes is ~~renumbered 149.14 (5) (b) 1. and~~ amended to read:

149.14 **(5)** (b) 1. Except as provided in pars. (c) and (e), if the covered costs incurred in a calendar year by ~~the~~ an eligible person who is not eligible for Medicare exceed the deductible for major medical expense coverage ~~in a calendar year~~, the plan shall pay at least ~~80%~~ 80 percent of any additional covered costs incurred by the person during the calendar year, and if the covered costs incurred in a calendar year by an eligible person who is eligible for Medicare exceed the deductible for major medical expense coverage or $2,000, whichever is less, the plan shall pay 100 percent of any additional covered costs incurred by the person during the calendar year.

History: 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 117, 146; 1983 a. 27; 1985 a. 29 s. 3202 (30); 1985 a. 332 s. 253; 1987 a. 27, 239; 1989 a. 332; 1991 a. 39, 269; 1995 a. 463; 1997 a. 27 ss. 3026c, 4847 to 4859; Stats. 1997 s. 149.14; 1997 a. 237; 1999 a. 9, 165; 2001 a. 16; 2003 a. 33.

SECTION 2. 149.14 (5) (c) of the statutes is amended to read:

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History: 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 117, 146; 1983 a. 27; 1985 a. 29 s. 3202 (30); 1985 a. 332 s. 253; 1987 a. 27, 239; 1989 a. 332; 1991 a. 39, 269; 1995 a. 463; 1997 a. 27 ss. 3026c, 4847 to 4859; Stats. 1997 s. 149.14; 1997 a. 237; 1999 a. 9, 165; 2001 a. 16; 2003 a. 33.

(end of insert 2-19)

Kahler, Pam

From: Jablonsky, Sue
Sent: Monday, January 10, 2005 12:56 PM
To: Kahler, Pam; Pam Kahler (E-mail)
Subject: FW: FW: LRB Draft: 05-0269/P2 HIRSP Medicare deductible

05-0269P2.pdf

-----Original Message-----
From: Cunningham, Curtis
Sent: Monday, January 10, 2005 11:45 AM
To: Jablonsky, Sue
Cc: Dombrowicki, Angela; Kristan, Margaret; Cunningham, Curtis; Malofsky, Shelley
Subject: Fwd: FW: LRB Draft: 05-0269/P2 HIRSP Medicare deductible

Sue,
This draft is OK with us. I think there was a question about the effective date from Pam. The effective date should be January 1, 2006.

Regards,
Curtis

-----Original Message-----
Date: 10/29/2004 10:07 am -0600 (Friday)
From: Jablonsky, Sue
To: Megna. Richard, Cunningham. Curtis
Subject: FW: LRB Draft: 05-0269/P2 HIRSP Medicare deductible

-----Original Message-----
From: Schlueter, Ron [mailto:Ron.Schlueter@legis.state.wi.us]
Sent: Thursday, October 28, 2004 11:38 AM
To: Jablonsky, Sue
Cc: Johnston, James; Hanaman, Cathlene; Haugen, Caroline; Schaeffer, Carole
Subject: LRB Draft: 05-0269/P2 HIRSP Medicare deductible

Following is the PDF version of draft 05-0269/P2.

State of Wisconsin
2005 – 2006 LEGISLATURE

LRB–0269/~~12~~ 1
PJK:jld:rs

1/11 or 1/12

DOA:.....Jablonsky, BB0039 – HIRSP Medicare deductible

FOR 2005–07 BUDGET — NOT READY FOR INTRODUCTION

do not gen cat

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

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

The Health Insurance Risk–Sharing Plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV), and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition, as well as persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past (all called eligible persons). While an eligible person who is not covered under Medicare pays a deductible ranging from $500 to $2,500, generally depending on type of coverage and household income, an eligible person with Medicare coverage pays a deductible that is equal to the deductible under part A of Medicare.

The statutes provide that HIRSP will pay at least 80 percent of an eligible person's covered costs after those costs exceed the person's deductible, and will pay 100 percent of covered costs after the aggregate of covered costs not paid by HIRSP and the deductible exceeds $2,000 for an eligible person not covered under Medicare and $500 for an eligible person covered under Medicare. Currently, however, the deductible under part A of Medicare exceeds $500. Thus, under the statutes, HIRSP

will begin paying 100 percent of covered costs incurred by an eligible person covered under Medicare before the person has paid the deductible. This bill corrects the inconsistency and provides that HIRSP will pay 100 percent of covered costs for an eligible person covered under Medicare after the covered costs exceed the lesser of $2,000 or the person's deductible, which is equal to the deductible under part A of Medicare.

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

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

2 149.14 **(5)** (b) Except as provided in pars. (c) and (e), if the covered costs
3 incurred in a calendar year by ~~the~~ an eligible person who is not eligible for Medicare
4 exceed the deductible for major medical expense coverage ~~in a calendar year~~, the plan
5 shall pay at least ~~80%~~ 80 percent of any additional covered costs incurred by the
6 person during the calendar year, and if the covered costs incurred in a calendar year
7 by an eligible person who is eligible for Medicare exceed the deductible for major
8 medical expense coverage or $2,000, whichever is less, the plan shall pay 100 percent
9 of any additional covered costs incurred by the person during the calendar year.

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

11 149.14 **(5)** (c) Except as provided in par. (e), if the aggregate of the covered costs
12 not paid by the plan under par. (b) and the deductible exceeds ~~$500 for an eligible~~
13 ~~person receiving medicare,~~ $2,000 ~~for any other~~ in a calendar year for an eligible
14 person ~~during a calendar year~~ who is not eligible for Medicare, or $4,000 in a calendar
15 year for all eligible persons in a family, the plan shall pay 100% of all covered costs
16 incurred by the eligible person or the eligible persons in the family during the
17 calendar year after the payment ceilings under this paragraph are exceeded.

18 **(END)**

Insert 2-17

INSERT 2–17

1 **SECTION 9421. Effective dates; health and family services.**

2 (1) HEALTH INSURANCE RISK-SHARING PLAN DEDUCTIBLE. The treatment of
3 section 149.14 (5) (b) and (c) of the statutes takes effect on January 1, 2006.

(END OF INSERT 2–17)

Barman, Mike

From: Barman, Mike
Sent: Thursday, January 20, 2005 11:06 AM
To: Jablonsky, Sue
Cc: Johnston, James; Hanaman, Cathlene; Haugen, Caroline; Merry-Mason, Monica
Subject: LRB Draft: 05-0269/1 HIRSP Medicare deductible

05-0269/1

Following is the PDF version of draft 05-0269/1.

Sue Jablonski (DOA)

needs another copy

of 0269/1

State of Wisconsin
2005 – 2006 LEGISLATURE

LRB–0269/1
PJK:jld:pg

DOA:.....Jablonsky, BB0039 – HIRSP Medicare deductible

FOR 2005–07 BUDGET — NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

The Health Insurance Risk–Sharing Plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV), and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition, as well as persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past (all called eligible persons). While an eligible person who is not covered under Medicare pays a deductible ranging from $500 to $2,500, generally depending on type of coverage and household income, an eligible person with Medicare coverage pays a deductible that is equal to the deductible under part A of Medicare.

The statutes provide that HIRSP will pay at least 80 percent of an eligible person's covered costs after those costs exceed the person's deductible, and will pay 100 percent of covered costs after the aggregate of covered costs not paid by HIRSP and the deductible exceeds $2,000 for an eligible person not covered under Medicare and $500 for an eligible person covered under Medicare. Currently, however, the deductible under part A of Medicare exceeds $500. Thus, under the statutes, HIRSP

will begin paying 100 percent of covered costs incurred by an eligible person covered under Medicare before the person has paid the deductible. This bill corrects the inconsistency and provides that HIRSP will pay 100 percent of covered costs for an eligible person covered under Medicare after the covered costs exceed the lesser of $2,000 or the person's deductible, which is equal to the deductible under part A of Medicare.

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

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

2 149.14 **(5)** (b) Except as provided in pars. (c) and (e), if the covered costs
3 incurred in a calendar year by ~~the~~ an eligible person who is not eligible for Medicare
4 exceed the deductible for major medical expense coverage ~~in a calendar year~~, the plan
5 shall pay at least ~~80%~~ 80 percent of any additional covered costs incurred by the
6 person during the calendar year, and if the covered costs incurred in a calendar year
7 by an eligible person who is eligible for Medicare exceed the deductible for major
8 medical expense coverage or $2,000, whichever is less, the plan shall pay 100 percent
9 of any additional covered costs incurred by the person during the calendar year.

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

11 149.14 **(5)** (c) Except as provided in par. (e), if the aggregate of the covered costs
12 not paid by the plan under par. (b) and the deductible exceeds ~~$500 for an eligible~~
13 ~~person receiving medicare,~~ $2,000 ~~for any other~~ in a calendar year for an eligible
14 person ~~during a calendar year~~ who is not eligible for Medicare, or $4,000 in a calendar
15 year for all eligible persons in a family, the plan shall pay 100% of all covered costs
16 incurred by the eligible person or the eligible persons in the family during the
17 calendar year after the payment ceilings under this paragraph are exceeded.

18 **SECTION 9421. Effective dates; health and family services.**

1 (1) HEALTH INSURANCE RISK-SHARING PLAN DEDUCTIBLE. The treatment of
2 section 149.14 (5) (b) and (c) of the statutes takes effect on January 1, 2006.
3 **(END)**