

2005

Date (time) needed

Wed, 10-12

LRB - 3798 / P1

BILL

PJK+JK : WLj : _____

Use the appropriate components and routines developed for bills.

AN ACT . . . [generate catalog] *to repeal . . . ; to renumber . . . ; to consolidate and renumber . . . ; to renumber and amend . . . ; to consolidate, renumber and amend . . . ; to amend . . . ; to repeal and recreate . . . ; and to create . . .* of the

statutes; **relating to:** *the Health Insurance Risk-Sharing Plan; creating the Health Insurance Risk-Sharing Plan Authority; a health benefit plan for persons eligible*

[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

Analysis by the Legislative Reference Bureau

If titles are needed in the analysis, in the component bar:

For the main heading, execute: create → anal: → title: → head

For the subheading, execute: create → anal: → title: → sub

For the sub-subheading, execute: create → anal: → title: → sub-sub

For the analysis text, in the component bar:

For the text paragraph, execute: create → anal: → text

for tax credits for payment of premiums and making an appropriation

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

SECTION #.



1 149.12 (4) and (5), 149.141, 149.155 and 631.20 (2) (f) of the statutes, relating
2 to: administration of the Health Insurance Risk-Sharing Plan.

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:

3 SECTION 1. 20.145 (5) of the statutes is created to read:

4 20.145 (5) HEALTH INSURANCE RISK-SHARING PLAN. (g) *Insurer assessments*. All
5 moneys received in insurer assessments under s. 149.13, to be paid to the board of

6 ~~directors~~ under ch. 149 *to* for deposit in the Health Insurance

7 SECTION 2. 20.435 (4) (u) of the statutes is repealed.

8 SECTION 3. 20.435 (4) (v) of the statutes is repealed.

9 SECTION 4. 25.17 (1) (gf) of the statutes is repealed.

10 SECTION 5. 25.55 (intro.) of the statutes is repealed.

11 SECTION 6. 25.55 (3) of the statutes is renumbered 149.11 (2) (a) 1. and amended

12 to read:

13 149.11 (2) (a) 1. Insurer assessments under ch. 149 s. 149.13, paid to the board

14 under s. 20.145 (5) (g).

15 SECTION 7. 25.55 (4) of the statutes is renumbered 149.11 (2) (a) 2. and amended

16 to read:

17 149.11 (2) (a) 2. Premiums paid by eligible persons under ch. 149.

18 SECTION 8. 71.05 (1) (bm) of the statutes is created to read:

19 71.05 (1) (bm) *Health Insurance Risk-Sharing Plan*. Income of the

20 organization administering the Health Insurance Risk-Sharing Plan under ch. 149.

Health Insurance Risk-Sharing
Plan Authority

Risk-Sharing
Plan fund under
s. 149.11(2)

authority

SECTION 8. 71.05 (1) (bm) of the statutes is created to read:
71.05 (1) (bm) *Health Insurance Risk-Sharing Plan*. Income of the
organization administering the Health Insurance Risk-Sharing Plan under ch. 149.

1 SECTION 9. 71.26 (1) (bn) of the statutes is created to read:

2 71.26 (1) (bn) *Health Insurance Risk-Sharing Plan*. Income of the
3 organization administering the Health Insurance Risk-Sharing Plan under ch. 149.

4 SECTION 10. 71.45 (1m) of the statutes is created to read:

5 71.45 (1m) HEALTH INSURANCE RISK-SHARING PLAN. The income of the
6 organization administering the Health Insurance Risk-Sharing Plan under ch. 149
7 is exempt from taxation under this subchapter.

8 SECTION 11. Chapter 149 (title) of the statutes is amended to read:

9 CHAPTER 149

10 MANDATORY HEALTH INSURANCE

11 RISK-SHARING PLAN → PLANS

statutes ↓

12 SECTION 12. 149.10 (2) of the statutes is amended to read:

13 149.10 (2) "Board" means the board of ~~governors established~~ *directors* under

stake ↓

14 ~~s. 149.15 149.11(1)~~ → directors of the authority

15 SECTION 13. 149.10 (2j) (a) 3. of the statutes is amended to read:

16 149.10 (2j) (a) 3. Part A ~~or~~, part B, or part D of title XVIII of the federal Social
17 Security Act.

18 SECTION 14. 149.10 (2m) of the statutes is repealed.

19 SECTION 15. 149.10 (2t) (c) of the statutes is amended to read:

20 149.10 (2t) (c) The individual does not have creditable coverage and is not
21 eligible for coverage under a group health plan, part A ~~or~~, part B, or part D of title
22 XVIII of the federal Social Security Act or a state plan under title XIX of the federal
23 Social Security Act or any successor program.

24 SECTION 16. 149.10 (3) of the statutes is amended to read:

INSERT 3-7

Insert 3-11

Insert 3-12

1 149.10 (3) "Eligible person" means a resident of this state who qualifies under
2 s. 149.12 whether or not the person is legally responsible for the payment of medical
3 expenses incurred on the person's behalf.

4 SECTION 17. 149.10 (3e) of the statutes is amended to read:

5 149.10 (3e) "Fund" means the ~~health insurance risk-sharing plan~~ Health
6 Insurance Risk-Sharing Plan fund under s. 149.11 (2).

7 SECTION 18. 149.10 (7) of the statutes is amended to read:

8 149.10 (7) "Medicare" means coverage under both part A and, part B, and part
9 D of Title XVIII of the federal social security act, 42 USC 1395 et seq., as amended.

10 SECTION 19. 149.10 (9) of the statutes is amended to read:

11 149.10 (9) "Resident" means a person who has been legally domiciled in this
12 state for a period of at least ~~30 days~~ ³ 6 months or, with respect to an eligible individual,
13 an individual who resides in this state. For purposes of this chapter, legal domicile
14 is established by living in this state and obtaining a Wisconsin motor vehicle
15 operator's license, registering to vote in Wisconsin or filing a Wisconsin income tax
16 return. A child is legally domiciled in this state if the child lives in this state and if
17 at least one of the child's parents or the child's guardian is legally domiciled in this
18 state. A person with a developmental disability or another disability which prevents
19 the person from obtaining a Wisconsin motor vehicle operator's license, registering
20 to vote in Wisconsin, or filing a Wisconsin income tax return, is legally domiciled in
21 this state by living in this state.

22 SECTION 20. 149.10 (10) of the statutes is repealed.

23 SECTION 21. 149.11 of the statutes is repealed and recreated to read:

24 **149.11 Administration of plan.** (1) APPOINTMENT OF BOARD OF DIRECTORS;
25 FORMATION OF ADMINISTERING ORGANIZATION. (a) No later than September 1, 2005, the

Insert 4-9

Insert 4-23

1 commissioner shall nominate 13 individuals to be appointed with the advice and
2 consent of the senate to serve as the initial directors of the board of the organization
3 to be formed under par. (b). The board shall consist of 4 representatives of
4 participating insurers; 4 representatives of health care providers, including one
5 representative of the Wisconsin Medical Society, one representative of the Wisconsin
6 Hospital Association, Inc., one representative of the Pharmacy Society of Wisconsin,
7 and one representative of health care providers that provide services to persons with
8 coverage under the plan; and 5 other members, at least one of whom represents small
9 businesses that purchase private health insurance and at least one of whom is a
10 person with coverage under the plan. In making the nominations to the board, the
11 commissioner shall first consult with one or more trade or professional associations
12 whose members include participating insurers, one or more trade or professional
13 associations whose members include health care providers that provide services to
14 persons with coverage under the plan, and one or more trade or professional
15 associations whose members include small business owners.

16 (b) The individuals appointed as initial directors under par. (a) shall form a
17 private, nonprofit organization under ch. 181 and shall take all actions necessary to
18 exempt the organization from federal taxation under section 501 (a) of the Internal
19 Revenue Code. The articles of incorporation shall include all of the following:

- 20 1. The names and addresses of the 13 individuals as the initial directors.
- 21 2. That the purpose of the organization is to administer the plan.
- 22 3. That the directors, including the initial directors, shall serve staggered
23 3-year terms.

1 4. That the directors shall satisfy the criteria specified in par. (a) and shall be
2 nominated by the commissioner, after consultation as specified in par. (a), and
3 appointed with the advice and consent of the senate.

4 (c) As a condition for the release of funds under s. 20.145 (5) (g), the
5 organization, through the board, shall administer the plan in conformity with this
6 chapter and perform any other duties required of the organization or board under
7 this chapter.

8 (2) FUND. (a) The ~~board~~^{authority} shall pay the operating and administrative expenses
9 of the plan from the fund, which shall be outside the state treasury and which shall
10 consist of all of the following:

- 11 ~~1~~ ~~2~~ ~~3~~ The earnings resulting from investments under par. (b). → authority
- 12 ~~4~~ Any other moneys received by the ~~organization or board~~ from time to time. → authority

13 (b) The ~~board~~^{authority} controls the assets of the fund and shall select regulated financial
14 institutions in this state that receive deposits in which to establish and maintain
15 accounts for assets needed on a current basis. If practicable, the accounts shall earn
16 interest.

17 (c) Moneys in the fund may be expended only for the purposes specified in par.
18 (a).

19 (3) IMMUNITY. No cause of action of any nature may arise against and no
20 liability may be imposed upon the organization, plan, or board; or any agent,
21 employee, or director of any of them; or contributor insurers; or the commissioner;
22 or any of the commissioner's agents, employees, or representatives, for any act or
23 omission by any of them in the performance of their powers and duties under this
24 chapter.

25 SECTION 22. 149.115 of the statutes is amended to read:

1 **149.115 Rules relating to creditable coverage.** The commissioner, ~~in~~
2 ~~consultation with the department,~~ shall promulgate rules that specify how
3 creditable coverage is to be aggregated for purposes of s. 149.10 (2t) (a) and that
4 determine the creditable coverage to which s. 149.10 (2t) (b) and (d) applies. The
5 rules shall comply with section 2701 (c) of P.L. 104-191.

6 **SECTION 23.** 149.12 (1) (intro.) of the statutes is amended to read:

7 149.12 (1) (intro.) Except as provided in subs. (1m) ~~and, (2), and (3),~~ the ~~board~~
8 ~~or plan administrator~~ shall ^{authority} certify as eligible a person who is covered by ~~medicare~~
9 Medicare because he or she is disabled under 42 USC 423, a person who submits
10 evidence that he or she has tested positive for the presence of HIV, antigen or
11 nonantigenic products of HIV, or an antibody to HIV, a person who is an eligible
12 individual, and any person who receives and submits any of the following based
13 wholly or partially on medical underwriting considerations within 9 months prior to
14 making application for coverage by the plan:

15 **SECTION 24.** 149.12 (1) (a) of the statutes is amended to read:

16 149.12 (1) (a) A notice of rejection of coverage from ~~one~~ 2 or more insurers.

17 **SECTION 25.** 149.12 (1m) of the statutes is amended to read:

18 149.12 (1m) The ~~board or plan administrator~~ ^{authority} may not certify a person as
19 eligible under circumstances requiring notice under sub. (1) (a) to (d) if the required
20 notices were issued by an insurance intermediary who is not acting as an
21 administrator, as defined in s. 633.01.

22 **SECTION 26.** 149.12 (2) (g) of the statutes is created to read:

23 149.12 (2) (g) A person is not eligible for coverage under the plan if the person
24 is eligible for any of the following:

25 1. Services under s. 46.27 (11), 46.275, 46.277, or 46.278.

1 2. Medical assistance provided as part of a family care benefit, as defined in s.
2 46.2805 (4).

3 3. Services provided under a waiver requested under 2001 Wisconsin Act 16,
4 section 9123 (16rs), or 2003 Wisconsin Act 33, section 9124 (8c).

5 4. Services provided under the program of all-inclusive care for persons aged
6 55 or older authorized under 42 USC 1396u-4.

7 5. Services provided under the demonstration program under a federal waiver
8 authorized under 42 USC 1315.

9 6. Health care coverage under the Badger Care health care program under s.
10 49.665.

11 **SECTION 27.** 149.12 (3) (a) of the statutes is amended to read:

12 149.12 (3) (a) Except as provided in pars. (b) ~~to (e)~~ and (bm), no person is eligible
13 for coverage under the plan for whom a premium, deductible, or coinsurance amount
14 is paid or reimbursed by a federal, state, county, or municipal government or agency
15 as of the first day of any term for which a premium amount is paid or reimbursed and
16 as of the day after the last day of any term during which a deductible or coinsurance
17 amount is paid or reimbursed.

18 **SECTION 28.** 149.12 (3) (c) of the statutes is repealed.

19 **SECTION 29.** 149.12 (4) ~~and (5)~~ of the statutes ~~are~~ ^{is} created to read:

20 149.12 (4) Subject to subs. (1m), (2), and (3), the board may establish criteria
21 that would enable additional persons to be eligible for coverage under the plan. The
22 board shall ensure that any expansion of eligibility is consistent with the purpose of
23 the plan to provide health care coverage for those who are unable to obtain health
24 insurance in the private market and does not endanger the solvency of the plan.

1 ^{149.13(1)} ⁴ The ~~board~~ ^{authority} shall establish policies for determining and verifying the
 2 continued eligibility of an eligible person.

3 SECTION 30. 149.13 (1) of the statutes is amended to read:

4 149.13 (1) Every insurer shall participate in the cost of administering the plan,
 5 except the commissioner may by rule exempt as a class those insurers whose share
 6 as determined under sub. (2) would be so minimal as to not exceed the estimated cost
 7 of levying the assessment. The commissioner shall advise the ~~department~~ ^{board} of
 8 the insurers participating in the cost of administering the plan.

9 SECTION 31. 149.13 (3) (a) of the statutes is amended to read:

10 149.13 (3) (a) Each insurer's proportion of participation under sub. (2) shall be
 11 determined annually by the commissioner based on annual statements and other
 12 reports filed by the insurer with the commissioner. The commissioner shall assess
 13 an insurer for the insurer's proportion of participation based on the total
 14 assessments estimated by the ~~department~~ under s. 149.143 (2) (a) 3. ~~board~~.

15 SECTION 32. 149.13 (3) (b) of the statutes is amended to read:

16 149.13 (3) (b) If the ~~department~~ ^{board} or the commissioner finds that the
 17 commissioner's authority to require insurers to report under chs. 600 to 646 and 655
 18 is not adequate to permit the ~~department~~, the commissioner or the ~~board~~ to carry out
 19 the ~~department's~~, commissioner's or ~~board's~~ ^{authorities} responsibilities under this ~~chapter~~ ^{subchapter}, the
 20 commissioner shall promulgate rules requiring insurers to report the information
 21 necessary for the ~~department~~, commissioner and ~~board~~ to make the determinations
 22 required under this ~~chapter~~ ^{subchapter}.

23 SECTION 33. 149.13 (4) of the statutes is amended to read:

24 149.13 (4) Notwithstanding subs. (1) to (3), the ~~department~~ ^{board}, with the
 25 agreement of the commissioner, may perform various administrative functions

authority

authority

1 related to the assessment of insurers participating in the cost of administering the
2 plan.

3 SECTION 34. 149.14 (1) (a) of the statutes is amended to read:

4 149.14 (1) (a) The plan shall offer coverage for each eligible person in an
5 annually renewable policy ~~the coverage specified in this section for each eligible~~
6 ~~person~~. If an eligible person is also eligible for ~~medicare~~ Medicare coverage, the plan
7 shall not pay or reimburse any person for expenses paid for by ~~medicare~~ Medicare.

8 SECTION 35. 149.14 (2) (a) of the statutes is amended to read:

9 149.14 (2) (a) The plan shall provide every eligible person who is not eligible
10 for ~~medicare~~ Medicare with major medical expense coverage. Major medical expense
11 coverage offered under the plan under this section shall pay an eligible person's
12 covered expenses, subject to sub. (3) ~~and deductible, copayment, and coinsurance~~
13 ~~payments authorized under sub. (5), up to a lifetime limit of \$1,000,000 per covered~~
14 ~~individual. The maximum limit under this paragraph shall not be altered by the~~
15 ~~board, and no actuarially equivalent benefit may be substituted by the board.~~

16 SECTION 36. 149.14 (3) (intro.) of the statutes is renumbered 149.14 (3) and
17 amended to read:

18 149.14 (3) COVERED EXPENSES. ~~Except as provided in sub. (4), except as~~
19 ~~restricted by cost containment provisions under s. 149.17 (4) and except as reduced~~
20 ~~by the department under ss. 149.143 and 149.144, covered~~ Covered expenses for the
21 coverage under this section the plan shall be the payment rates established by the
22 ~~department under s. 149.142~~ board ^{authority} for the services provided by persons licensed
23 under ch. 446 and certified under s. 49.45 (2) (a) 11. ~~Except as provided in sub. (4),~~
24 ~~except as restricted by cost containment provisions under s. 149.17 (4) and except as~~
25 ~~reduced by the department under ss. 149.143 and 149.144, covered~~ Covered expenses

authority

stat = plan

stat = plan

not a minimum

1 for the coverage under this section the plan shall also be the payment rates
2 established by the department under s. 149.142 ~~board~~ for the following services and
3 articles if the service or article is prescribed by a physician who is licensed under ch.
4 448 or in another state and who is certified under s. 49.45 (2) (a) 11. and if the service
5 or article is provided by a provider certified under s. 49.45 (2) (a) 11.

6 **SECTION 37.** 149.14 (3) (a) to (r) of the statutes are repealed.

7 **SECTION 38.** 149.14 (4) of the statutes is repealed and recreated to read:

8 149.14 (4) BENEFIT DESIGN. Except as provided in subs. (2) (a) and (6), the board
9 shall determine the benefit design of the plan, including the covered expenses,
10 expenses excluded from coverage, deductibles, copayments, coinsurance,
11 out-of-pocket limits, and coverage limitations. The board may establish more than
12 one benefit design under the plan. All benefit designs shall be comparable to typical
13 individual health insurance policies offered in the private sector market in this state.

14 **SECTION 39.** 149.14 (4c) of the statutes is repealed.

15 **SECTION 40.** 149.14 (4m) of the statutes is renumbered 149.142 (2m) and
16 amended to read:

17 149.142 (2m) PAYMENT IS PAYMENT IN FULL. Except for copayments, coinsurance,
18 or deductibles required or authorized under the plan, a provider of a covered service
19 or article shall accept as payment in full for the covered service or article the payment
20 rate determined under ss. ~~149.142, 149.143 and 149.144 sub. (1)~~ and may not bill an
21 eligible person who receives the service or article for any amount by which the charge
22 for the service or article is reduced under s. ~~149.142, 149.143 or 149.144 sub. (1)~~.

23 **SECTION 41.** 149.14 (5) of the statutes is repealed.

24 **SECTION 42.** 149.14 (5m) of the statutes is repealed.

25 **SECTION 43.** 149.14 (6) (a) of the statutes is repealed.

Insert 11-13

1 SECTION 44. 149.14 (6) (b) of the statutes is renumbered 149.14 (6).

2 SECTION 45. 149.14 (7) (b) of the statutes is amended to read:

authority

3 149.14 (7) (b) The department ~~organization~~ has a cause of action against an
4 eligible participant for the recovery of the amount of benefits paid which are not for
5 covered expenses under the plan. Benefits under the plan may be reduced or refused
6 as a setoff against any amount recoverable under this paragraph.

7 SECTION 46. 149.14 (7) (c) of the statutes is amended to read:

8 149.14 (7) (c) The department ~~organization~~ is subrogated to the rights of an
9 eligible person to recover special damages for illness or injury to the person caused
10 by the act of a 3rd person to the extent that benefits are provided under the plan.

strike sentence

11 Section 814.03 (3) applies to the department ~~organization~~ under this paragraph.

change component

12 SECTION 47. 149.14 (8) of the statutes is repealed and recreated to read:

13 149.14 (8) SUBSIDIES. The board shall provide for subsidies for premiums,
14 deductibles, and copayments for eligible persons with household incomes below a
15 level established by the board.

16 SECTION 48. 149.141 of the statutes is created to read:

Insert 12-17

17 149.141 Premiums. ~~The board~~ shall set premiums for coverage under the
18 plan at a level that is sufficient to cover 60 percent of plan costs, as provided in s.

19 149.143 (1).

20 SECTION 49. 149.142 (1) (a) of the statutes is renumbered 149.142 (1) and
21 amended to read:

authority

22 149.142 (1) ESTABLISHMENT OF RATES. ~~Except as provided in par. (b), the~~
23 department ~~The board~~ shall establish provider payment rates for covered expenses
24 that consist of the allowable charges paid under s. 49.46 (2) for the services and
25 articles provided plus an enhancement determined by the department ~~board~~. The

authority

Insert 12-19

authority

1 rates shall be based on the allowable charges paid under s. 49.46 (2), projected plan
 2 costs, and trend factors. Using the same methodology that applies to medical
 3 assistance under subch. IV of ch. 49, the department ~~board~~ shall establish hospital
 4 outpatient per visit reimbursement rates and hospital inpatient reimbursement
 5 rates that are specific to diagnostically related groups of eligible persons. The
 6 adjustments to the usual and customary rates shall be sufficient to cover 20 percent
 7 of plan costs, as provided in s. 149.143 (3).

8 SECTION 50. 149.142 (1) (b) of the statutes is repealed.

9 SECTION 51. 149.142 (2) of the statutes is repealed.

10 SECTION 52. 149.143 of the statutes is repealed and recreated to read:

11 **149.143 Payment of plan costs.** The board shall pay plan costs, including
 12 any premium, deductible, and copayment subsidies, as follows:

- 13 (a) ~~(1)~~ Sixty percent from premiums paid by eligible persons.
- 14 (b) ~~(2)~~ Twenty percent from insurer assessments under s. 149.13.
- 15 (c) ~~(3)~~ Twenty percent from adjustments to provider payment rates under s.
 16 149.142.

17 SECTION 53. 149.144 of the statutes is repealed.

18 SECTION 54. 149.145 of the statutes is repealed.

19 SECTION 55. 149.146 (1) (a) and (b) of the statutes are consolidated,
 20 renumbered 149.14 (2) (c) and amended to read:

21 149.14 (2) (c) ~~Beginning on January 1, 1998, in~~ In addition to the coverage
 22 ~~required under s. 149.14 pars. (a) and (b),~~ the plan shall offer to all eligible persons
 23 who are not eligible for ~~medicare~~ Medicare a choice of coverage, as described in
 24 section 2744 (a) (1) (C), P.L. 104-191. Any such choice of coverage shall be major
 25 medical expense coverage. (b) An eligible person ~~under par. (a) who is not eligible~~

Insert 13-16

Insert 13-11

excluding

authority

authority

SECTION 55

authority

1 for Medicare may elect once each year, at the time and according to procedures
 2 established by the department ~~board~~, among the coverages offered under this section
 3 and s. 149.14. ~~If an eligible person elects new coverage, any preexisting condition~~
 4 ~~exclusion imposed under the new coverage is met to the extent that the eligible~~
 5 ~~person has been previously and continuously covered under this chapter. No~~
 6 ~~preexisting condition exclusion may be imposed on an eligible person who elects new~~
 7 ~~coverage if the person was an eligible individual when first covered under this~~
 8 ~~chapter and the person remained continuously covered under this chapter up to the~~
 9 ~~time of electing the new coverage~~ paragraph and par. (a).

10 **SECTION 56.** 149.146 (2) of the statutes is repealed.

11 **SECTION 57.** 149.15 of the statutes is repealed.

12 **SECTION 58.** 149.155 of the statutes is created to read:

13 **149.155 Additional duties of board.** The board shall do all of the following:

14 (1) Adopt policies for the administration of this chapter, including delegation
 15 of any part of its powers and its own procedures.

16 (5) Seek to qualify the plan as a state pharmacy assistance program, as defined
 17 in 42 CFR 423.464.

18 (6) Annually submit a report to the legislature under s. 13.172 (2) and to the
 19 governor on the operation of the plan.

20 **SECTION 59.** 149.16 (title) of the statutes is repealed.

21 **SECTION 60.** 149.16 (1m) of the statutes is repealed.

22 **SECTION 61.** 149.16 (3) (a) of the statutes is renumbered 149.155 (2) and
 23 amended to read:

24 149.155 (2) ~~The plan administrator shall perform~~ Perform all eligibility and
 25 administrative claims payment functions relating to the plan.

1 SECTION 62. 149.16 (3) (b) of the statutes is renumbered 149.155 (3) and
2 amended to read:

3 149.155 (3) ~~The plan administrator shall establish~~ Establish a premium billing
4 procedure for collection of premiums from insured persons. Billings shall be made
5 on a periodic basis as determined by the department board.

6 SECTION 63. 149.16 (3) (c) of the statutes is renumbered 149.155 (4), and
7 149.155 (4) (intro.), as renumbered, is amended to read:

8 149.155 (4) (intro.) ~~The plan administrator shall perform~~ Perform all necessary
9 functions to assure timely payment of benefits to covered persons under the plan,
10 including:

11 SECTION 64. 149.16 (3) (e) of the statutes is repealed.

12 SECTION 65. 149.16 (4) of the statutes is repealed.

13 SECTION 66. 149.16 (5) of the statutes is repealed.

14 SECTION 67. 149.165 of the statutes is repealed.

15 SECTION 68. 149.17 (1) of the statutes is amended to read:

16 149.17 (1) Subject to ss. 149.14 (5m), s. 149.143 and 149.146 (2) (b), a rating
17 plan calculated in accordance with generally accepted actuarial principles.

18 SECTION 69. 149.17 (2) of the statutes is repealed.

19 SECTION 70. 149.17 (4) of the statutes is repealed.

20 SECTION 71. 149.175 of the statutes is repealed.

21 SECTION 72. 149.20 of the statutes is repealed.

22 SECTION 73. 149.25 of the statutes is repealed.

23 SECTION 74. 601.41 (1) of the statutes is amended to read:

24 601.41 (1) DUTIES. The commissioner shall administer and enforce chs. 600 to
25 655 and ss. 59.52 (11) (c), 66.0137 (4) and (4m), 100.203, 120.13 (2) (b) to (g), and

Insert 15-10

Insert 15-13

Insert 15-20

Insert 15-22

(4)

1 149.13, ~~and 149.144~~ and shall act as promptly as possible under the circumstances
2 on all matters placed before the commissioner.

3 SECTION 75. 601.415 (12) of the statutes is amended to read:

~~INSURANCE RISK-SHARING PLAN~~
INSURANCE RISK-SHARING PLAN

4 601.415 (12) ~~HEALTH INSURANCE RISK-SHARING PLAN~~. The commissioner shall
5 perform the duties specified to be performed by the commissioner in ~~ss. s. 149.13 and~~
6 ~~149.144. The commissioner, or his or her designee, shall serve as a member of the~~
7 ~~board under s. 149.15.~~

8 SECTION 76. 601.64 (1) of the statutes is amended to read:

9 601.64 (1) INJUNCTIONS AND RESTRAINING ORDERS. The commissioner may
10 commence an action in circuit court in the name of the state to restrain by temporary
11 or permanent injunction or by temporary restraining order any violation of chs. 600
12 to 655, or s. 149.13 ~~or 149.144~~, any rule promulgated under chs. 600 to 655, or any
13 order issued under s. 601.41 (4). The commissioner need not show irreparable harm
14 or lack of an adequate remedy at law in an action commenced under this subsection.

15 SECTION 77. 601.64 (3) (a) of the statutes is amended to read:

16 601.64 (3) (a) *Restitutionary forfeiture*. Whoever violates an effective order
17 issued under s. 601.41 (4), any insurance statute or rule, or s. 149.13 ~~or 149.144~~ shall
18 forfeit to the state twice the amount of any profit gained from the violation, in
19 addition to any other forfeiture or penalty imposed.

20 SECTION 78. 601.64 (3) (c) of the statutes is amended to read:

21 601.64 (3) (c) *Forfeiture for violation of statute or rule*. Whoever violates an
22 insurance statute or rule or s. 149.13 ~~or 149.144~~, intentionally aids a person in
23 violating an insurance statute or rule or s. 149.13 ~~or 149.144~~, or knowingly permits
24 a person over whom he or she has authority to violate an insurance statute or rule
25 or s. 149.13 ~~or 149.144~~ shall forfeit to the state not more than \$1,000 for each

1 violation. If the statute or rule imposes a duty to make a report to the commissioner,
2 each week of delay in complying with the duty is a new violation.

3 **SECTION 79.** 601.64 (4) of the statutes is amended to read:

4 601.64 (4) CRIMINAL PENALTY. Whoever intentionally violates or intentionally
5 permits any person over whom he or she has authority to violate or intentionally aids
6 any person in violating any insurance statute or rule of this state, s. 149.13 or
7 149.144, or any effective order issued under s. 601.41 (4) is guilty of a Class I felony,
8 unless a specific penalty is provided elsewhere in the statutes. Intent has the
9 meaning expressed under s. 939.23.

10 **SECTION 80.** 613.03 (4) of the statutes is amended to read:

11 613.03 (4) ~~MANDATORY HEALTH INSURANCE RISK-SHARING PLAN~~ HEALTH INSURANCE
12 RISK-SHARING PLAN. Service insurance corporations organized or operating under
13 this chapter are subject to the requirements that apply to insurers and insurance
14 under ch. 149.

15 **SECTION 81.** 631.20 (2) (f) of the statutes is created to read:

16 631.20 (2) (f) In the case of a policy form under ch. 149, that the benefit design
17 is not comparable to a typical individual health insurance policy offered in the
18 private sector market in this state.

19 **SECTION 82.** 632.785 (title) of the statutes is amended to read:

20 **632.785 (title) Notice of mandatory risk-sharing plan Health Insurance**
21 **Risk-Sharing Plan.**

22 **SECTION 9121. Nonstatutory provisions; health and family services.**

23 (1) HEALTH INSURANCE RISK-SHARING PLAN; TERMINATING ADMINISTRATOR
24 CONTRACT.

SECTION 9121

Health Insurance Risk-Sharing Plan Authority

(a) Because the legislature has determined that it is in the best interest of the Health Insurance Risk-Sharing Plan to have the organization formed under section 149.11 (1) of the statutes, as affected by this act, administer the Health Insurance Risk-Sharing Plan, the department of health and family services shall immediately give written notice to the plan administrator under section 149.16, 2003 stats., terminating the contract between the department of health and family services and the plan administrator 180 days after the notice is given.

(b) Notwithstanding the treatment of sections 149.12 (1) and (1m) and 149.16 of the statutes, as affected by this act, the organization formed under section 149.11 (1) of the statutes, as affected by this act, shall enter into a contract with the plan administrator under section 149.16, 2003 stats., that has the same terms and conditions as the contract under paragraph (a) and under which the plan administrator has the same rights, duties, and obligations as it had under the contract under paragraph (a) and the organization has the same rights, duties, and obligations as the department of health and family services had under the contract under paragraph (a). The contract under this paragraph shall have a term beginning on the date on which the contract under paragraph (a) is terminated under paragraph (a). The department of health and family services, the plan administrator, and the organization shall cooperate with one another to ensure that the administration of the Health Insurance Risk-Sharing Plan continues without interruption after the termination of the contract under paragraph (a) and the commencement of the contract under this paragraph.

SECTION 9221. Appropriation changes; health and family services.

(1) TRANSFERS FOR FUNDING HEALTH INSURANCE RISK-SHARING PLAN. The unencumbered balances in the appropriation accounts under section 20.435 (4) (u),

76.61(2), and 77.92(A)
71.49(1)(dm), and 76.655,
71.47(5g), 71.45(2)(a) 10. 71.34(1)(g), 71.30(3)(dm), 71.07(5g), 71.26(2)(a), 71.28

1 2003 stats., and section 20.435 (4) (v), 2003 stats., and in the Health Insurance
2 Risk-Sharing Plan fund under section 25.55, 2003 stats., immediately before the
3 effective date of this subsection, are transferred to the Health Insurance
4 Risk-Sharing Plan fund under section 149.11 (2) of the statutes, as affected by this
5 act.

6 **SECTION 9321. Initial applicability; health and family services.**

7 (1) HEALTH INSURANCE RISK-SHARING PLAN; TRANSFER OF ADMINISTRATION. The
8 treatment of sections 20.145 (5), 20.435 (4) (u) and (v), 25.17 (1) (gf), 25.55 (intro.),
9 (3), and (4), 149.10 (2), (2j) (a) 3., (2m), (2t) (c), (3e), (7), and (10), 149.11, 149.115,
10 149.12 (1) (intro.) and (a), (1m), (3) (a) and (c), (4), ^{STET} and (5), 149.13 (1), (3) (a) and (b),
11 and (4), 149.14 (1) (a), (2) (a), (3) (intro.) and (a) to (r), (4), (4c), (4m), (5), (5m), (6) (a)
12 and (b), (7) (b) and (c), and (8), 149.141, 149.142 (1) (a) and (b) and (2), 149.143,
13 149.144, 149.145, 149.146 (1) (a) and (b) and (2), 149.15, 149.155, 149.16 (title), (1m),
14 (3) (a), (b), (c), and (e), (4), and (5), 149.165, 149.17 (1), (2), and (4), 149.175, 149.20,
15 601.41 (1), 601.415 (12), 601.64 (1), (3) (a) and (c), and (4), 613.03 (4), 631.20 (2) (f),
16 and 632.785 (title) and chapter 149 (title) of the statutes first applies to the plan year
17 beginning on January 1, 2006.

18 (2) RESIDENCY FOR THE HEALTH INSURANCE RISK-SHARING PLAN. The treatment
19 of section 149.10 (9) of the statutes first applies to persons who submit applications
20 for coverage under the Health Insurance Risk-Sharing Plan on the effective date of
21 this subsection.

22 **SECTION 9341. Initial applicability; revenue.**

23 (1) HEALTH INSURANCE RISK-SHARING PLAN; INCOME TAX EXEMPTIONS. The
24 treatment of sections ^{71.07(5g), 71.10(4)(cp), 71.21(4), 71.26(2)(a), 71.28} 71.05(1)(bm), ^A 71.26(1)(bn), and 71.45(1m) of the statutes first
25 applies to taxable years beginning on January 1, 2006.

⑤
****NOTE: Due to time constraints and anticipated changes, this subsection has not been changed for this version of the draft of LRB-0243/P5

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3798/ins

PJK
.....

INSERT 3-12

1 SECTION ~~1~~ 149.10 (intro.) of the statutes is amended to read:

2 149.10 Definitions. (intro.) In this chapter, unless the context requires
3 otherwise:

History: 1997 a. 27 ss. 3014 to 3024, 4814, 4817 to 4824; Stats. 1997 s. 149.10; 1999 a. 9; 2001 a. 38; 2003 a. 33.

4 SECTION ~~2~~ 149.10 (1) of the statutes is created to read:

5 149.10 (1) "Authority" means the Health Insurance Risk-Sharing Plan
6 Authority.

(END OF INSERT 3-12)

INSERT 4-9

7 SECTION ~~3~~ 149.10 (8) of the statutes is amended to read:

8 149.10 (8) "Plan" means the health care insurance plan established and
9 administered under subchapter II of this chapter.

History: 1997 a. 27 ss. 3014 to 3024, 4814, 4817 to 4824; Stats. 1997 s. 149.10; 1999 a. 9; 2001 a. 38; 2003 a. 33.

(END OF INSERT 4-9)

INSERT 4-23

10 149.11 Administration of plan. (1) AUTHORITY. The authority shall be
11 responsible for the operation of the plan and may enter into contracts for the plan's
12 administration.

(END OF INSERT 4-23)

INSERT 11-13

13 SECTION ~~4~~ 149.14 (3) (b) of the statutes is repealed and recreated to read:

14 149.14 (3) (b) Professional services for the diagnosis or treatment of injuries,
15 illnesses, or conditions, other than mental or dental.

↓

Ins 11-13 contd

1 **SECTION 5.** 149.14 (3) (c) of the statutes is repealed and recreated to read:
 2 149.14 (3) (c) Outpatient services, as defined in s. 632.89 (1) (e), for diagnosis
 3 and treatment of nervous and mental disorders. The coverage under this paragraph
 4 shall be subject to a 50 percent coinsurance requirement, and the plan's payment per
 5 policy year for an eligible person shall not exceed \$XXXX.

****NOTE: What amount do you want inserted?

6 **SECTION 6.** 149.14 (3) (d) of the statutes is amended to read:
 7 149.14 (3) (d) Drugs requiring a physician's prescription, ~~subject to sub. (4e).~~

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 7.** 149.14 (3) (e) of the statutes is amended to read:
 9 149.14 (3) (e) Services For persons eligible for Medicare, skilled nursing
 10 services of a licensed skilled nursing facility for ~~eligible persons eligible for medicare,~~
 11 ~~to the extent required by s. 632.895 (3) and for not more than an aggregate 120 days~~
 12 ~~during a calendar year, if the services are of the type which would qualify as~~
 13 ~~reimbursable services under medicare. Coverage under this paragraph which is not~~
 14 ~~required by s. 632.895 (3) is subject to the deductible and coinsurance requirements~~
 15 under sub. (5) not more than 120 days during a policy 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.

****NOTE: Is this how you want this paragraph reconciled with par. (p)?

16 **SECTION 8.** 149.14 (3) (f) of the statutes is created to read:
 17 149.14 (3) (f) Services of a home health agency, as defined in s. 50.49 (1) (a), up
 18 to a maximum of 270 services per year.

****NOTE: Should this specify "per policy year"? Is it clear what constitutes "a service" so that 270 discrete services may be counted?

19 **SECTION 9.** 149.14 (3) (m) of the statutes is amended to read:

↓

1 149.14 (3) (m) Oral surgery for excision of partially or completely unerupted,
 2 impacted teeth and oral surgery with respect to the gums and other tissues of the
 3 mouth when not performed in connection with the extraction or repair of teeth.

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.

4 **SECTION 10.** 149.14 (3) (nm) of the statutes is repealed.

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

6 149.14 (3) (o) ~~Transportation~~ Emergency and other medically necessary
 7 transportation provided by a licensed ambulance service to the nearest facility
 8 qualified to treat ~~the~~ a covered condition.

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.

9 **SECTION 12.** 149.14 (3) (r) of the statutes is repealed.

10 **SECTION 13.** 149.14 (4) of the statutes is repealed and recreated to read:

11 149.14 (4) PLAN DESIGN. Subject to subs. (1), (2), (3), and (6), the authority shall
 12 establish the plan design, after taking into consideration the levels of health
 13 insurance coverage provided in the state and medical economic factors, as
 14 appropriate. Subject to subs. (1), (2), (3), and (6), the authority shall provide benefit
 15 levels, deductibles, copayment and coinsurance requirements, exclusions, and
 16 limitations under the plan that the authority determines are generally reflective and
 17 commensurate with comprehensive health insurance coverage offered in the private
 18 individual market in the state. The authority may develop additional plans that are
 19 responsive to market conditions.

(END OF INSERT 11-13)

INSERT 12-11



ins 12-11

****NOTE: I removed the last sentence altogether because it refers to a section of the statutes that relates specifically to DHFS and the payment of MA benefits.

(END OF INSERT 12-11)

INSERT 12-17

1 **(1) PERCENTAGE OF COSTS.** Except as provided in sub. (2), the authority

No

(END OF INSERT 12-17)

INSRET 12-19

2 **(2) LIMITATION.** In no event may plan premium rates exceed 200 percent of rates
3 applicable to individual standard risks.

(END OF INSERT 12-19)

INSERT 13-11

4 **(1) COSTS EXCLUDING SUBSIDIES.**

No

(END OF INSERT 13-11)

INSERT 13-12

5 first from federal funds, if any, that the authority receives under s. XX.XXX that
6 exceed premium, deductible, and copayment subsidy costs in a policy year. The
7 remainder of the plan costs, excluding premium, deductible, and copayment subsidy
8 costs, shall be paid

No

and

(END OF INSERT 13-12)

INSERT 13-16

9 **(2) SUBSIDY COSTS.** The authority shall pay for premium, deductible, and
10 copayment subsidies in a policy year first from federal funds, if any, that the

↓

Ins 13 - 16 cont'd

1 authority receives under s. XX.XXX in that year. The remainder of the subsidy costs
2 shall be paid as follows:

- 3 (a) Fifty percent from insurer assessments under s. 149.13. ✓
- 4 (b) Fifty percent from adjustments to provider payment rates under s. 149.142. ✓

(END OF INSERT 13-16)

INSERT 15-10)

****NOTE: I have not modified the above subsections that were placed in s. 149.155 in LRB-0243/P5. They will be treated in the next version of the draft because they may be moved to the new subchapter III that will create the authority.

(END OF INSERT 15-10)

INSERT 15-13 *log 4*

5 **SECTION 14.** 149.165 (1) of the statutes is amended to read:
 6 149.165 (1) ~~Except as provided in s. 149.146 (2) (a), the department~~ The
 7 authority shall reduce the premiums established under s. ~~149.11 in conformity with~~
 8 ~~ss. 149.14 (5m), 149.143 and 149.17 s. 149.141~~ for the eligible persons and in the
 9 manner set forth in subs. (2) and (3).

History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33.

10 **SECTION 15.** 149.165 (2) (a) (intro.) of the statutes is amended to read:
 11 149.165 (2) (a) (intro.) Subject to sub. (3m), if the household income, as defined
 12 in s. 71.52 (5) and as determined under sub. (3), of an eligible person with coverage
 13 under s. 149.14 (2) (a) is equal to or greater than the first amount and less than the
 14 2nd amount listed in any of the following, the ~~department~~ authority shall reduce the
 15 premium for the eligible person to the rate shown after the amounts:

History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33.

16 **SECTION 16.** 149.165 (2) (a) 1. of the statutes is amended to read:
 17 149.165 (2) (a) 1. If equal to or greater than \$0 and less than \$10,000, to 100%
 18 of the rate that a standard risk would be charged under an individual policy



Ins 15-13 cont'd 284

1 providing substantially the same coverage and deductibles as provided under s.
2 149.14 (2) (a) and ~~(5)-(a)~~ (4). ✓

3 History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33.

3 ~~SECTION 17.~~ 149.165 (2) (a) 2. of the statutes is amended to read:

4 149.165 (2) (a) 2. If equal to or greater than \$10,000 and less than \$14,000, to
5 106.5% of the rate that a standard risk would be charged under an individual policy
6 providing substantially the same coverage and deductibles as provided under s.
7 149.14 (2) (a) and ~~(5)-(a)~~ (4). ✓

8 History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33.

8 ~~SECTION 18.~~ 149.165 (2) (a) 3. of the statutes is amended to read:

9 149.165 (2) (a) 3. If equal to or greater than \$14,000 and less than \$17,000, to
10 115.5% of the rate that a standard risk would be charged under an individual policy
11 providing substantially the same coverage and deductibles as provided under s.
12 149.14 (2) (a) and ~~(5)-(a)~~ (4). ✓

13 History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33.

13 ~~SECTION 19.~~ 149.165 (2) (a) 4. of the statutes is amended to read:

14 149.165 (2) (a) 4. If equal to or greater than \$17,000 and less than \$20,000, to
15 124.5% of the rate that a standard risk would be charged under an individual policy
16 providing substantially the same coverage and deductibles as provided under s.
17 149.14 (2) (a) and ~~(5)-(a)~~ (4). ✓

18 History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33.

18 ~~SECTION 20.~~ 149.165 (2) (a) 5. of the statutes is amended to read:

19 149.165 (2) (a) 5. If equal to or greater than \$20,000 and less than \$25,000, to
20 130% of the rate that a standard risk would be charged under an individual policy
21 providing substantially the same coverage and deductibles as provided under s.
22 149.14 (2) (a) and ~~(5)-(a)~~ (4). ✓

23 History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33.

23 ~~SECTION 21.~~ 149.165 (2) (bc) of the statutes is amended to read:

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ens 15-13 cont'd 384

1 149.165 (2) (bc) Subject to sub. (3m), if the household income, as defined in s.
 2 71.52 (5) and as determined under sub. (3), of an eligible person with coverage under
 3 s. 149.14 (2) (b) is equal to or greater than the first amount and less than the 2nd
 4 amount listed in par. (a) 1., 2., 3., 4. or 5., the department authority shall reduce the
 5 premium established for the eligible person by the same percentage as the
 6 department authority reduces, under par. (a), the premium established for an
 7 eligible person with coverage under s. 149.14 (2) (a) who has a household income
 8 specified in the same subdivision under par. (a) as the household income of the
 9 eligible person with coverage under s. 149.14 (2) (b).

History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33.

10 ~~SECTION 22.~~ 149.165 (3) (a) of the statutes is amended to read:

11 149.165 (3) (a) Subject to par. (b), the department authority shall establish and
 12 implement the method for determining the household income of an eligible person
 13 under sub. (2).

History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33.

14 ~~SECTION 23.~~ 149.165 (3) (b) (intro.) of the statutes is amended to read:

15 149.165 (3) (b) (intro.) In determining household income under sub. (2), the
 16 department authority shall consider information submitted by an eligible person on
 17 a completed federal profit or loss from farming form, schedule F, if all of the following
 18 apply:

History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33.

19 ~~SECTION 24.~~ 149.165 (3m) of the statutes is amended to read:

20 149.165 (3m) The ~~board~~ authority may approve adjustment of the household
 21 income dollar amounts listed in sub. (2) (a) 1. to 5., except for the first dollar amount



Ins 15-13 cont'd 4/27/4

1 listed in sub. (2) (a) 1., to reflect changes in the consumer price index for all urban
2 consumers, U.S. city average, as determined by the U.S. department of labor.

History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33.

(END OF INSERT 15-13)

INSERT 15-20

3 SECTION ~~25~~, 149.18 of the statutes is amended to read:

4 149.18 Chapters 600 to 645 applicable. Except as otherwise provided in this
5 chapter subchapter, the plan shall comply and be administered in compliance with
6 chs. 600 to 645.

History: 1979 c. 313; 1981 c. 314; 1997 a. 27 s. 4902; Stats. 1997 s. 149.18.

(END OF INSERT 15-20)

INSERT 15-22

7 SECTION ~~26~~: Subchapter III of chapter 149 [precedes 149.40] of the statutes is
8 created to read:

this should be a "hard return" instead of another title

CHAPTER 149

SUBCHAPTER III

hard return here YES

11 HEALTH INSURANCE RISK-SHARING PLAN AUTHORITY

12 149.40 Creation and organization of authority. (1) There is created a
13 public body corporate and politic to be known as the "Health Insurance Risk-Sharing
14 Plan Authority." The board of directors of the authority shall consist of the following
15 members:

***NOTE: More to follow.... The authority language will be included in the next version.

(END OF INSERT 15-22)

Insert 3-11

SECTION #, Subchapter I (title) of chapter 149
↓
[precedes 149.10] of the statutes is created to read:

Centered
+
Solid } CHAPTER 149
SUBCHAPTER I
GENERAL PROVISIONS

SECTION #, CR; 149.10 (1)
149.10 (1) "Authority" means the Health
Insurance Risk-Sharing Plan Authority.

(end of insert 3-11)



LFB:.....Reinhardt – Tax credit for health insurance risk-sharing plan assessments

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO 2005 ASSEMBLY BILL 100

Insert 3-7

1 At the locations indicated, amend the bill as follows:

2 1. Page 636, line 20: after that line insert:

3 ~~SECTION 1311m.~~ 71.07 (5g) of the statutes is created to read:

4 71.07 (5g) HEALTH INSURANCE RISK-SHARING PLAN ASSESSMENTS CREDIT. (a)

5 *Definitions.* In this subsection, "claimant" means a partner, limited liability
6 company member, or tax-option corporation shareholder who files a claim under this
7 subsection and who is a partner, member, or shareholder of an entity that is an
8 insurer, as defined in s. 149.10 (5). ✓

9 (b) *Filing claims.* Subject to the limitations provided under this subsection, for
10 taxable years beginning after December 31, 2005, a claimant may claim as a credit
11 against the taxes imposed under s. 71.02 an amount that is equal to a percentage of



Insert 3-7

1 the amount of the assessment under s. 149.13 that the claimant paid in the taxable
2 year, as determined under par. (c).

3 (c) *Limitations.* 1. The department of revenue, in consultation with the office
4 of the commissioner of insurance, shall determine the percentage under par. (b) for
5 each claimant for each taxable year so that the cost of the credit under this subsection
6 and ss. 71.28 (5g), 71.47 (5g), and 76.655 is as close as practicable to ~~\$2,000,000~~ in
7 the 2006-07 fiscal year and \$5,000,000 in each fiscal year thereafter.

8 2. Partnerships, limited liability companies, and tax-option corporations may
9 not claim the credit under this subsection, but the eligibility for, and the amount of,
10 the credit are based on their payment of amounts described under par. (b). A
11 partnership, limited liability company, or tax-option corporation shall compute the
12 amount of credit that each of its partners, members, or shareholders may claim and
13 shall provide that information to each of them. Partners, members of limited liability
14 companies, and shareholders of tax-option corporations may claim the credit in
15 proportion to their ownership interests.

16 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
17 s. 71.28 (4), applies to the credit under this subsection."

18 ~~2. Page 637, line 2: after that line insert:~~

19 "SECTION ~~1312m~~ 71.10 (4) (cp) of the statutes is created to read:

20 71.10 (4) (cp) Health insurance risk-sharing plan assessments credit under s.
21 71.07 (5g)."

22 ~~3. Page 641, line 18: after that line insert:~~

23 "SECTION ~~1319m~~ 71.21 (4) of the statutes is amended to read:



Insert 3-7

1 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
2 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), and (5b), and (5g) and passed
3 through to partners shall be added to the partnership's income."

4 ~~4. Page 672, line 20: after that line insert:~~

5 ~~SECTION 1354m.~~ 71.26 (2) (a) of the statutes is amended to read:

6 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
7 the gross income as computed under the Internal Revenue Code as modified under
8 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
9 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
10 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
11 under this paragraph at the time that the taxpayer first claimed the credit plus the
12 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
13 (1ds), (1dx), (3g), (3n), (3t), and (5b), (5g) and not passed through by a partnership,
14 limited liability company, or tax-option corporation that has added that amount to
15 the partnership's, limited liability company's, or tax-option corporation's income
16 under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or other
17 disposition of assets the gain from which would be wholly exempt income, as defined
18 in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and minus
19 deductions, as computed under the Internal Revenue Code as modified under sub.
20 (3), plus or minus, as appropriate, an amount equal to the difference between the
21 federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or
22 otherwise disposed of in a taxable transaction during the taxable year, except as
23 provided in par. (b) and s. 71.45 (2) and (5)."

24 ~~5. Page 707, line 10: after that line insert:~~

Insert 3-7

~~SECTION 1385h~~ SECTION 71.28 (5g) of the statutes is created to read:

1
2 71.28 (5g) HEALTH INSURANCE RISK-SHARING PLAN ASSESSMENTS CREDIT. (a)
3 *Definitions.* In this subsection, "claimant" means an insurer, as defined in s. 149.10
4 (5), who files a claim under this subsection.

5 (b) *Filing claims.* Subject to the limitations provided under this subsection, for
6 taxable years beginning after December 31, 2005, a claimant may claim as a credit
7 against the taxes imposed under s. 71.23 an amount that is equal to a percentage of
8 the amount of assessment under s. 149.13 that the claimant paid in the taxable year,
9 as determined under par. (c) 1.

10 (c) *Limitations.* 1. The department of revenue, in consultation with the office
11 of the commissioner of insurance, shall determine the percentage under par. (b) for
12 each claimant for each taxable year so that the cost of the credit under this subsection
13 and ss. 71.07 (5g), 71.47 (5g), and 76.655 is as close as practicable to ~~\$2,000,000~~ in
14 the 2006-07 fiscal year and \$5,000,000 in each fiscal year thereafter.

15 2. Partnerships, limited liability companies, and tax-option corporations may
16 not claim the credit under this subsection, but the eligibility for, and the amount of,
17 the credit are based on their payment of amounts described under par. (b). A
18 partnership, limited liability company, or tax-option corporation shall compute the
19 amount of credit that each of its partners, members, or shareholders may claim and
20 shall provide that information to each of them. Partners, members of limited liability
21 companies, and shareholders of tax-option corporations may claim the credit in
22 proportion to their ownership interests.

23 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
24 sub. (4), applies to the credit under this subsection.

25 SECTION ~~1385p~~ 71.30 (3) (dm) of the statutes is created to read:

*Insert
3-7*

1

71.30 (3) (dm) Health insurance risk-sharing plan assessments credit under
s. 71.28 (5g).*e*

2

3

~~6.~~ Page 709, line 24: after that line insert:

4

~~SECTION 1386m.~~ 71.34 (1) (g) of the statutes is amended to read:

5

71.34 (1) (g) An addition shall be made for credits computed by a tax-option
corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
(3n), (3t), and (5b), and (5g) and passed through to shareholders.*e*

7

8

~~7.~~ Page 735, line 8: after that line insert:

9

~~SECTION 1406m.~~ 71.45 (2) (a) 10. of the statutes is amended to read:

10

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
computed under s. 71.47 (1dd) to (1dx), (3n), and (5b), and (5g) and not passed
through by a partnership, limited liability company, or tax-option corporation that
has added that amount to the partnership's, limited liability company's, or
tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of
credit computed under s. 71.47 (1), (3), (3t), (4), and (5).*e*

15

16

~~8.~~ Page 741, line 7: after that line insert:

17

~~SECTION 1428k.~~ 71.47 (5g) of the statutes is created to read:

18

71.47 (5g) HEALTH INSURANCE RISK-SHARING PLAN ASSESSMENTS CREDIT. (a)

19

Definitions. In this subsection, "claimant" means an insurer, as defined in s. 149.10
(5), who files a claim under this subsection.

20

21

(b) *Filing claims.* Subject to the limitations provided under this subsection, for

22

taxable years beginning after December 31, 2005, a claimant may claim as a credit

23

against the taxes imposed under s. 71.43 an amount that is equal to a percentage of

Insert 3-7

1 the amount of assessment under s. 149.13 that the claimant paid in the taxable year,
2 as determined under par. (c) 1.

3 (c) *Limitations.* 1. The department of revenue, in consultation with the office
4 of the commissioner of insurance, shall determine the percentage under par. (b) for
5 each claimant for each taxable year so that the cost of the credit under this subsection
6 and ss. 71.07 (5g), 71.28 (5g), and 76.655 is as close as practicable to ~~\$2,000,000~~ in
7 the 2006-07 fiscal year and \$5,000,000 in each fiscal year thereafter.

8 2. Partnerships, limited liability companies, and tax-option corporations may
9 not claim the credit under this subsection, but the eligibility for, and the amount of,
10 the credit are based on their payment of amounts described under par. (b). A
11 partnership, limited liability company, or tax-option corporation shall compute the
12 amount of credit that each of its partners, members, or shareholders may claim and
13 shall provide that information to each of them. Partners, members of limited liability
14 companies, and shareholders of tax-option corporations may claim the credit in
15 proportion to their ownership interests.

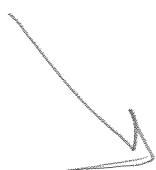
16 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
17 s. 71.28 (4), applies to the credit under this subsection.

18 ~~SECTION 1428p.~~ 71.49 (1) (dm) of the statutes is created to read:

19 71.49 (1) (dm) Health insurance risk-sharing plan assessments credit under
20 s. 71.47 (5g).

21 **9.** Page 760, line 22: after that line insert:

22 ~~SECTION 1474m.~~ 76.655 of the statutes is created to read:



*insert
3-7*

①

76.655 Health insurance risk-sharing plan assessments credit. (1)

2 DEFINITIONS. In this section, "claimant" means an insurer, as defined in s. 149.10 (5),
3 who files a claim under this section.

4 (2) FILING CLAIMS. Subject to the limitations provided under this section, for
5 taxable years beginning after December 31, 2005, a claimant may claim as a credit
6 against the fees imposed under ss. 76.60, 76.63, 76.65, 76.66 or 76.67 an amount that
7 is equal to a percentage of the amount of assessment under s. 149.13 that the
8 claimant paid in the taxable year, as determined under sub. (3).

9 (3) LIMITATIONS. The department of revenue, in consultation with the office of
10 the commissioner of insurance, shall determine the percentage under sub. (2) for
11 each claimant for each taxable year so that the cost of the credit under this section
12 and ss. 71.07 (5g), 71.28 (5g), and 71.47 (5g) is as close as practicable to ~~\$2,000,000~~
13 ~~in the 2006-07 fiscal year and~~ \$5,000,000 in each fiscal year thereafter.

14 (4) CARRY-FORWARD. If the credit under sub. (2) is not entirely offset against the
15 fees imposed under ss. 76.60, 76.63, 76.65, 76.66, or 76.67 that are otherwise due, the
16 unused balance may be carried forward and credited against those fees in the
17 following 15 years to the extent that it is not offset by those fees otherwise due in all
18 the years between the year in which the assessment was paid and the year in which
19 the carry-forward credit is claimed.

20 SECTION ~~1474p~~ 76.67 (2) of the statutes is amended to read:

21 76.67 (2) If any domestic insurer is licensed to transact insurance business in
22 another state, this state may not require similar insurers domiciled in that other
23 state to pay taxes greater in the aggregate than the aggregate amount of taxes that
24 a domestic insurer is required to pay to that other state for the same year less the
25 credit credits under s. ss. 76.635 and 76.655, except that the amount imposed shall



Insert 3-7

1 not be less than the total of the amounts due under ss. 76.65 (2) and 601.93 and, if
2 the insurer is subject to s. 76.60, 0.375% of its gross premiums, as calculated under
3 s. 76.62, less offsets allowed under s. 646.51 (7) or under s. ss. 76.635 and 76.655
4 against that total, and except that the amount imposed shall not be less than the
5 amount due under s. 601.93.

~~10. Page 840, line 16: after that line insert:~~

2 "SECTION ~~1686m~~, 77.92 (4) of the statutes is amended to read:

3 77.92 (4) "Net business income," with respect to a partnership, means taxable
4 income as calculated under section 703 of the Internal Revenue Code; plus the items
5 of income and gain under section 702 of the Internal Revenue Code, including taxable
6 state and municipal bond interest and excluding nontaxable interest income or
7 dividend income from federal government obligations; minus the items of loss and
8 deduction under section 702 of the Internal Revenue Code, except items that are not
9 deductible under s. 71.21; plus guaranteed payments to partners under section 707
10 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
11 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), and (5b), and (5g); and
12 plus or minus, as appropriate, transitional adjustments, depreciation differences,
13 and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding
14 income, gain, loss, and deductions from farming. "Net business income," with respect
15 to a natural person, estate, or trust, means profit from a trade or business for federal
16 income tax purposes and includes net income derived as an employee as defined in
17 section 3121 (d) (3) of the Internal Revenue Code.

23 (END)

*end
of insert
3-7*

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

LRB-3798/7dn
PJK&JK:.....

PI
Wlj

1. This version does not contain the creation of the authority or the provisions related to the Health Care Tax Credit Program. Note that the draft contains numerous embedded notes.
2. For every authority in current law, the authority's board or the governor is required to appoint an executive director or a chief executive officer. Do you want such a requirement for the HIRSP Authority?
3. In this draft, I eliminated the provision in LRB-0243/P5 that allowed the board to establish additional eligibility categories, but I retained the provision that required the board (now, the authority) to verify continued eligibility of eligible persons. Okay?
4. Although we had a discussion about who was to be eligible for subsidies, it was unclear to me whether the authority was *required* or *allowed* to provide subsidies for deductibles and copayments, so this draft contains only the premium subsidies under s. 149.165. Please advise on the other subsidies, and whether any copayment subsidies would be limited to drug coverage. ←
5. Do you have any more information about the federal funds that may be received for HIRSP? Would OCI or DHFS receive them? Would all of the funds received, or only a portion of them, go to the authority? *

Pamela J. Kahler
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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3798/P1dn
PJK:wlj:pg

October 12, 2005

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