

1 **SECTION 107.** 149.14 (4) (d) of the statutes is amended to read:

2 149.14 (4) (d) That part of any charge for services or articles rendered or
3 prescribed by a physician, dentist, or other health care personnel that exceeds the
4 payment rate established by the department authority under s. 149.142 and ~~reduced~~
5 ~~under ss. 149.143 and 149.144~~ or any charge not medically necessary.

6 **SECTION 108.** 149.14 (4) (m) of the statutes is amended to read:

7 149.14 (4) (m) Experimental treatment, as determined by the department
8 authority.

9 **SECTION 109.** 149.14 (4c) of the statutes is repealed.

10 **SECTION 110.** 149.14 (4m) of the statutes is renumbered 149.142 (2m) and
11 amended to read:

12 149.142 (2m) PAYMENT IS PAYMENT IN FULL. Except for copayments, coinsurance,
13 or deductibles required or authorized under the plan, a provider of a covered service
14 or article shall accept as payment in full for the covered service or article the payment
15 rate determined under ~~ss. 149.142, 149.143 and 149.144~~ sub. (1) and may not bill an
16 eligible person who receives the service or article for any amount by which the charge
17 for the service or article is reduced under ~~s. 149.142, 149.143 or 149.144~~ sub. (1).

18 **SECTION 111.** 149.14 (5) of the statutes, as affected by 2005 Wisconsin Act
19 (this act), is repealed and recreated to read:

20 149.14 (5) DEDUCTIBLE AND COPAYMENT SUBSIDIES. (a) The authority shall
21 establish and provide subsidies for deductibles paid by eligible persons with coverage
22 under s. 149.14 (2) (a) and household incomes specified in s. 149.165 (2) (a) 1. to 5.

23 (b) The authority may provide subsidies for prescription drug copayment
24 amounts paid by eligible persons specified in par. (a).

25 **SECTION 112.** 149.14 (5) (b) of the statutes is amended to read:

1 149.14 (5) (b) Except as provided in ~~pars. (e) and (e) par. (c)~~, if the covered costs
2 incurred by the eligible person exceed the deductible for major medical expense
3 coverage in a calendar year, the plan shall pay at least 80% of any additional covered
4 costs incurred by the person during the calendar year.

5 **SECTION 113.** 149.14 (5) (c) of the statutes is amended to read:

6 149.14 (5) (c) ~~Except as provided in par. (e), if~~ If the aggregate of the covered
7 costs not paid by the plan under par. (b) and the deductible exceeds \$500 for an
8 eligible person receiving medicare, \$2,000 for any other eligible person during a
9 calendar year or \$4,000 for all eligible persons in a family, the plan shall pay 100%
10 of all covered costs incurred by the eligible person during the calendar year after the
11 payment ceilings under this paragraph are exceeded.

12 **SECTION 114.** 149.14 (5) (d) of the statutes is repealed.

13 **SECTION 115.** 149.14 (5) (e) of the statutes is repealed.

14 **SECTION 116.** 149.14 (5m) of the statutes is repealed.

15 **SECTION 117.** 149.14 (6) (a) of the statutes is repealed.

16 **SECTION 118.** 149.14 (6) (b) of the statutes is renumbered 149.14 (6).

17 **SECTION 119.** 149.14 (7) (b) of the statutes is amended to read:

18 149.14 (7) (b) The department authority has a cause of action against an
19 eligible participant for the recovery of the amount of benefits paid ~~which~~ that are not
20 for covered expenses under the plan. Benefits under the plan may be reduced or
21 refused as a setoff against any amount recoverable under this paragraph.

22 **SECTION 120.** 149.14 (7) (c) of the statutes is amended to read:

23 149.14 (7) (c) The department authority is subrogated to the rights of an
24 eligible person to recover special damages for illness or injury to the person caused

1 by the act of a 3rd person to the extent that benefits are provided under the plan.
2 ~~Section 814.03 (3) applies to the department under this paragraph.~~

3 **SECTION 121.** 149.14 (8) of the statutes is repealed.

4 **SECTION 122.** 149.141 of the statutes is created to read:

5 **149.141 Premiums. (1) PERCENTAGE OF COSTS.** Except as provided in sub. (2),
6 the authority shall set premium rates for coverage under the plan at a level that is
7 sufficient to cover 60 percent of plan costs, as provided in s. 149.143 (1).

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

10 **SECTION 123.** 149.142 (1) (a) of the statutes is renumbered 149.142 (1) and
11 amended to read:

12 149.142 (1) ESTABLISHMENT OF RATES. ~~Except as provided in par. (b), the~~
13 ~~department~~ The authority shall establish provider payment rates for covered
14 expenses that consist of the allowable charges paid under s. 49.46 (2) for the services
15 and articles provided plus an enhancement determined by the ~~department~~ authority.
16 The rates shall be based on the allowable charges paid under s. 49.46 (2), projected
17 plan costs, and trend factors. Using the same methodology that applies to medical
18 assistance under subch. IV of ch. 49, the ~~department~~ authority shall establish
19 hospital outpatient per visit reimbursement rates and hospital inpatient
20 reimbursement rates that are specific to diagnostically related groups of eligible
21 persons. The adjustments to the usual and customary rates shall be sufficient to
22 cover 20 percent of plan costs, as provided in s. 149.143 (3).

23 **SECTION 124.** 149.142 (1) (b) of the statutes is repealed.

24 **SECTION 125.** 149.142 (2) of the statutes is repealed.

25 **SECTION 126.** 149.143 of the statutes is repealed and recreated to read:

1 **149.143 Payment of plan costs.** (1) COSTS EXCLUDING SUBSIDIES. The
2 authority shall pay plan costs, excluding any premium, deductible, and copayment
3 subsidies, first from federal funds, if any, that are transferred to the fund under s.
4 20.145 (5) (m) and that exceed premium, deductible, and copayment subsidy costs in
5 a policy year. The remainder of the plan costs, excluding premium, deductible, and
6 copayment subsidy costs, shall be paid as follows:

7 (a) Sixty percent from premiums paid by eligible persons.

8 (b) Twenty percent from insurer assessments under s. 149.13.

9 (c) Twenty percent from adjustments to provider payment rates under s.
10 149.142.

11 (2) SUBSIDY COSTS. The authority shall pay for premium, deductible, and
12 copayment subsidies in a policy year first from federal funds, if any, that are
13 transferred to the fund under s. 20.145 (5) (m) in that year. The remainder of the
14 subsidy costs shall be paid as follows:

15 (a) Fifty percent from insurer assessments under s. 149.13.

16 (b) Fifty percent from adjustments to provider payment rates under s. 149.142.

17 **SECTION 127.** 149.144 of the statutes is repealed.

18 **SECTION 128.** 149.145 of the statutes is repealed.

19 **SECTION 129.** 149.146 (1) (a) and (b) of the statutes are consolidated,
20 renumbered 149.14 (2) (c) 1. and amended to read:

21 149.14 (2) (c) 1. ~~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~~

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

11 **SECTION 130.** 149.146 (2) (a) of the statutes is renumbered 149.14 (2) (c) 2. and
12 amended to read:

13 149.14 (2) (c) 2. ~~Except as specified by the department, the terms of coverage~~
14 ~~under s. 149.14, including deductible reductions under s. 149.14 (5) (a) and~~
15 ~~prescription drug copayment reductions under s. 149.14 (5) (e), do not apply to the~~
16 ~~coverage offered under this section.~~ Premium reductions under s. 149.165 and
17 deductible subsidies and prescription drug copayment subsidies under s. 149.14 (5)
18 do not apply to the coverage offered under this ~~section~~ paragraph.

19 **SECTION 131.** 149.146 (2) (am) of the statutes is repealed.

20 **SECTION 132.** 149.146 (2) (b) of the statutes is repealed.

21 **SECTION 133.** 149.15 of the statutes is repealed.

22 **SECTION 134.** 149.16 of the statutes is repealed.

23 **SECTION 135.** 149.165 (1) of the statutes is amended to read:

24 149.165 (1) ~~Except as provided in s. 149.146 (2) (a), the department~~ The
25 authority shall reduce the premiums established under s. 149.11 ~~in conformity with~~

1 ss. 149.14 (5m), 149.143 and 149.17 s. 149.141 for the eligible persons and in the
2 manner set forth in subs. (2) and (3).

3 **SECTION 136.** 149.165 (2) (a) (intro.) of the statutes is amended to read:

4 149.165 (2) (a) (intro.) Subject to sub. (3m), if the household income, as defined
5 in s. 71.52 (5) and as determined under sub. (3), of an eligible person with coverage
6 under s. 149.14 (2) (a) is equal to or greater than the first amount and less than the
7 2nd amount listed in any of the following, the department authority shall reduce the
8 premium for the eligible person to the rate shown after the amounts:

9 **SECTION 137.** 149.165 (2) (a) 1. of the statutes is amended to read:

10 149.165 (2) (a) 1. If equal to or greater than \$0 and less than \$10,000, to 100%
11 of the rate that a standard risk would be charged under an individual policy
12 providing substantially the same coverage and deductibles as provided under s.
13 149.14 (2) (a) and ~~(5) (a)~~ substantially the same deductibles as provided under s.
14 149.14 (4), unreduced by any subsidy under s. 149.14 (5) (a).

15 **SECTION 138.** 149.165 (2) (a) 2. of the statutes is amended to read:

16 149.165 (2) (a) 2. If equal to or greater than \$10,000 and less than \$14,000, to
17 106.5% of the rate that a standard risk would be charged under an individual policy
18 providing substantially the same coverage and deductibles as provided under s.
19 149.14 (2) (a) and ~~(5) (a)~~ substantially the same deductibles as provided under s.
20 149.14 (4), unreduced by any subsidy under s. 149.14 (5) (a).

21 **SECTION 139.** 149.165 (2) (a) 3. of the statutes is amended to read:

22 149.165 (2) (a) 3. If equal to or greater than \$14,000 and less than \$17,000, to
23 115.5% of the rate that a standard risk would be charged under an individual policy
24 providing substantially the same coverage and deductibles as provided under s.

1 149.14 (2) (a) and ~~(5) (a)~~ substantially the same deductibles as provided under s.
2 149.14 (4), unreduced by any subsidy under s. 149.14 (5) (a).

3 **SECTION 140.** 149.165 (2) (a) 4. of the statutes is amended to read:

4 149.165 (2) (a) 4. If equal to or greater than \$17,000 and less than \$20,000, to
5 124.5% 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)~~ substantially the same deductibles as provided under s.
8 149.14 (4), unreduced by any subsidy under s. 149.14 (5) (a).

9 **SECTION 141.** 149.165 (2) (a) 5. of the statutes is amended to read:

10 149.165 (2) (a) 5. If equal to or greater than \$20,000 and less than \$25,000, to
11 130% of the rate that a standard risk would be charged under an individual policy
12 providing substantially the same coverage and deductibles as provided under s.
13 149.14 (2) (a) and ~~(5) (a)~~ substantially the same deductibles as provided under s.
14 149.14 (4), unreduced by any subsidy under s. 149.14 (5) (a).

15 **SECTION 142.** 149.165 (2) (bc) of the statutes is amended to read:

16 149.165 (2) (bc) Subject to sub. (3m), if the household income, as defined in s.
17 71.52 (5) and as determined under sub. (3), of an eligible person with coverage under
18 s. 149.14 (2) (b) is equal to or greater than the first amount and less than the 2nd
19 amount listed in par. (a) 1., 2., 3., 4., or 5., the ~~department~~ authority shall reduce the
20 premium established for the eligible person by the same percentage as the
21 ~~department~~ authority reduces, under par. (a), the premium established for an
22 eligible person with coverage under s. 149.14 (2) (a) who has a household income
23 specified in the same subdivision under par. (a) as the household income of the
24 eligible person with coverage under s. 149.14 (2) (b).

25 **SECTION 143.** 149.165 (3) (a) of the statutes is amended to read:

1 149.165 (3) (a) Subject to par. (b), the ~~department~~ authority shall establish and
2 implement the method for determining the household income of an eligible person
3 under sub. (2).

4 **SECTION 144.** 149.165 (3) (b) (intro.) of the statutes is amended to read:

5 149.165 (3) (b) (intro.) In determining household income under sub. (2), the
6 ~~department~~ authority shall consider information submitted by an eligible person on
7 a completed federal profit or loss from farming form, schedule F, if all of the following
8 apply:

9 **SECTION 145.** 149.165 (3m) of the statutes is amended to read:

10 149.165 (3m) The ~~board~~ authority may approve adjustment of the household
11 income dollar amounts listed in sub. (2) (a) 1. to 5., except for the first dollar amount
12 listed in sub. (2) (a) 1., to reflect changes in the consumer price index for all urban
13 consumers, U.S. city average, as determined by the U.S. department of labor.

14 **SECTION 146.** 149.165 (4) of the statutes is repealed.

15 **SECTION 147.** 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 148.** 149.17 (2) of the statutes is repealed.

19 **SECTION 149.** 149.17 (4) of the statutes is repealed.

20 **SECTION 150.** 149.175 of the statutes is repealed.

21 **SECTION 151.** 149.18 of the statutes is amended to read:

22 **149.18 Chapters 600 to 645 applicable.** Except as otherwise provided in this
23 ~~chapter subchapter~~, the plan shall comply and be administered in compliance with
24 chs. 600 to 645.

25 **SECTION 152.** 149.20 of the statutes is repealed.

1 (2) A vacancy on the board shall be filled in the same manner as the original
2 appointment to the board for the remainder of the unexpired term, if any.

3 (3) A member of the board may not be compensated for his or her services but
4 shall be reimbursed for actual and necessary expenses, including travel expenses,
5 incurred in the performance of his or her duties.

6 (4) Annually, the governor shall appoint one member other than the
7 commissioner as chairperson, and the members of the board may elect other officers
8 as they consider appropriate. Seven voting members of the board constitute a
9 quorum for the purpose of conducting the business and exercising the powers of the
10 authority, notwithstanding the existence of any vacancy. The board may take action
11 upon a vote of a majority of the members present, unless the bylaws of the authority
12 require a larger number.

13 (5) The board may appoint an executive director who shall not be a member of
14 the board and who shall serve at the pleasure of the board. The authority may
15 delegate by resolution to one or more of its members or its executive director any
16 powers and duties that it considers proper. The executive director shall receive such
17 compensation as may be determined by the board. The executive director or other
18 person designated by resolution of the board shall keep a record of the proceedings
19 of the authority and shall be custodian of all books, documents, and papers filed with
20 the authority, the minute book or journal of the authority, and its official seal. The
21 executive director or other person may cause copies to be made of all minutes and
22 other records and documents of the authority and may give certificates under the
23 official seal of the authority to the effect that such copies are true copies, and all
24 persons dealing with the authority may rely upon such certificates.

1 **149.43 Duties of authority.** In addition to all other duties imposed under this
2 chapter, the authority shall do all of the following:

3 (1) Adopt policies for the administration of this chapter.

4 (2) Contract with the plan administrator under s. 149.16, 2003 stats., in the
5 manner required under 2005 Wisconsin Act (this act), section 169 (1) (b) until the
6 end of the contract term.

7 (3) Establish the authority's annual budget and monitor the fiscal
8 management of the authority.

9 (4) Beginning on July 1, 2006, do, or contract with another person to do, all of
10 the following:

11 (a) Perform all eligibility and administrative claims payment functions
12 relating to the plan.

13 (b) Establish a premium billing procedure for collection of premiums from
14 insured persons. Billings shall be made on a periodic basis as determined by the
15 authority.

16 (c) Perform all necessary functions to assure timely payment of benefits to
17 covered persons under the plan, including:

18 1. Making available information relating to the proper manner of submitting
19 a claim for benefits under the plan and distributing forms upon which submissions
20 shall be made.

21 2. Evaluating the eligibility of each claim for payment under the plan.

22 3. Notifying each claimant within 30 days after receiving a properly completed
23 and executed proof of loss whether the claim is accepted, rejected, or compromised.

24 (5) Seek to qualify or maintain the plan as a state pharmacy assistance
25 program, as defined in 42 CFR 423.464.

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

3 **149.45 Powers of authority.** (1) Except as restricted under sub. (2), the
4 authority shall have all the powers necessary or convenient to carry out the purposes
5 and provisions of this chapter. In addition to all other powers granted by this chapter,
6 the authority may:

7 (a) Adopt bylaws and policies and procedures for the regulation of its affairs
8 and the conduct of its business.

9 (b) Have a seal and alter the seal at pleasure; have perpetual existence; and
10 maintain an office.

11 (c) Hire employees, define their duties, and fix their rate of compensation.

12 (d) Incur debt, except as restricted under sub. (2).

13 (e) Contract for any professional services required for the authority, subject to

14 ~~s. 149.43 (2)~~ → and 149.47

15 (f) Appoint any technical or professional advisory committee that the authority
16 finds necessary to assist the authority in exercising its duties and powers. The
17 authority shall define the duties of the committee, and provide reimbursement for
18 the expenses of the committee.

19 (g) Execute contracts and other instruments.

20 (h) Accept gifts, grants, loans, or other contributions from private or public
21 sources.

22 (i) Procure liability insurance.

23 (2) The authority may not issue bonds.

24 **149.47 Contracting for professional services.** (1) Whenever contracting
25 for professional services, the authority shall solicit competitive sealed bids or

1 competitive sealed proposals, whichever is appropriate. Each request for
2 competitive sealed proposals shall state the relative importance of price and other
3 evaluation factors.

4 (2) (a) When the estimated cost exceeds \$25,000, the authority may invite
5 competitive sealed bids or proposals by publishing a class 2 notice under ch. 985 or
6 by posting notice on the Internet at a site determined or approved by the authority.
7 The notice shall describe the contractual services to be purchased, the intent to make
8 the procurement by solicitation of bids or proposals, any requirement for surety, and
9 the date the bids or proposals will be opened, which shall be at least 7 days after the
10 date of the last insertion of the notice or at least 7 days after the date of posting on
11 the Internet.

12 (b) When the estimated cost is \$25,000 or less, the authority may award the
13 contract in accordance with simplified procedures established by the authority for
14 such transactions.

15 (c) For purposes of clarification, the authority may discuss the requirements
16 of the proposed contract with any person who submits a bid or proposal and shall
17 permit any offerer to revise his or her bid or proposal to ensure its responsiveness to
18 those requirements.

19 (3) (a) The authority shall determine which bids or proposals are reasonably
20 likely to be awarded the contract and shall provide each offerer of such a bid or
21 proposal a fair and equal opportunity to discuss the bid or proposal. The authority
22 may negotiate with each offerer in order to obtain terms that are advantageous to
23 the authority. Prior to the award of the contract, any offerer may revise his or her
24 bid or proposal. The authority shall keep a written record of all meetings,

1 conferences, oral presentations, discussions, negotiations, and evaluations of bids or
2 proposals under this section.

3 (b) In opening, discussing, and negotiating bids or proposals, the authority may
4 not disclose any information that would reveal the terms of a competing bid or
5 proposal.

6 (4) (a) After receiving each offerer's best and final offer, the authority shall
7 determine which proposal is most advantageous and shall award the contract to the
8 person who offered it. The authority's determination shall be based only on price and
9 the other evaluation factors specified in the request for bids or proposals. The
10 authority shall state in writing the reason for the award and shall place the
11 statement in the contract file.

12 (b) Following the award of the contract, the authority shall prepare a register
13 of all bids or proposals.

14 **149.50 Political activities.** (1) No employee of the authority may directly
15 or indirectly solicit or receive subscriptions or contributions for any partisan political
16 party or any political purpose while engaged in his or her official duties as an
17 employee. No employee of the authority may engage in any form of political activity
18 calculated to favor or improve the chances of any political party or any person seeking
19 or attempting to hold partisan political office while engaged in his or her official
20 duties as an employee or engage in any political activity while not engaged in his or
21 her official duties as an employee to such an extent that the person's efficiency during
22 working hours will be impaired or that he or she will be tardy or absent from work.
23 Any violation of this section is adequate grounds for dismissal.

24 (2) If an employee of the authority declares an intention to run for partisan
25 political office, the employee shall be placed on a leave of absence for the duration

1 of the election campaign and if elected shall no longer be employed by the authority
2 on assuming the duties and responsibilities of such office.

3 (3) An employee of the authority may be granted, by the executive director, a
4 leave of absence to participate in partisan political campaigning.

5 (4) Persons on leave of absence under sub. (2) or (3) shall not be subject to the
6 restrictions of sub. (1), except as they apply to the solicitation of assistance,
7 subscription, or support from any other employee in the authority.

8 **149.53 Liability limited.** (1) Neither the state nor any political subdivision
9 of the state nor any officer, employee, or agent of the state or a political subdivision
10 who is acting within the scope of employment or agency is liable for any debt,
11 obligation, act, or omission of the authority.

12 (2) All of the expenses incurred by the authority in exercising its duties and
13 powers under this chapter shall be payable only from funds of the authority.

14 **SECTION 155.** 149.40 of the statutes, as created by 2005 Wisconsin Act (this
15 act), is repealed.

16 **SECTION 156.** Subchapter IV of chapter 149 [precedes 149.60] of the statutes
17 is created to read:

18 **CHAPTER 149**

19 **SUBCHAPTER IV**

20 **HEALTH CARE TAX CREDIT PROGRAM**

21 **149.60 Definition.** In this subchapter, “eligible individual” has the meaning
22 given in 26 USC 35 (c).

23 **149.65 Program requirements.** (1) Subject to sub. (2), the authority shall
24 design and administer a program of health care coverage, called the Health Care Tax
25 Credit Program, under which a covered eligible individual may receive an income tax

1 credit under 26 USC 35 for a portion of premiums paid for the coverage. The Health
2 Care Tax Credit Program shall be designed to satisfy the requirements of qualified
3 health insurance under 26 USC 35 (e) (1) (E), (2), and (3).

4 (2) Subsection (1) applies only as long as federal law provides for income tax
5 credits for premiums paid for coverage that satisfies the requirements specified in
6 sub. (1).

7 **149.70 Eligibility.** An individual shall be eligible for coverage under the
8 Health Care Tax Credit Program if the individual is any of the following:

9 (1) An eligible individual for whom all of the following apply:

10 (a) The aggregate of the individual's periods of creditable coverage, determined
11 in the manner provided by rule under s. 149.115, is 3 months or more.

12 (b) The individual does not have other health care coverage.

13 (c) The individual is not confined in a prison, jail, or house of correction.

14 (2) An individual who is a qualifying family member, as defined in 26 USC 35
15 (d), of an eligible individual described in sub. (1) and who does not have other health
16 care coverage.

17 **SECTION 157.** 230.03 (3) of the statutes is amended to read:

18 230.03 (3) "Agency" means any board, commission, committee, council, or
19 department in state government or a unit thereof created by the constitution or
20 statutes if such board, commission, committee, council, department, unit, or the
21 head thereof, is authorized to appoint subordinate staff by the constitution or
22 statute, except a legislative or judicial board, commission, committee, council,
23 department, or unit thereof or an authority created under ~~chs.~~ subch. III of ch. 149
24 or under ch. 231, 232, 233, 234, 235, or 237. "Agency" does not mean any local unit

1 of government or body within one or more local units of government that is created
2 by law or by action of one or more local units of government.

3 **SECTION 158.** 230.80 (4) of the statutes is amended to read:

4 230.80 (4) “Governmental unit” means any association, authority, board,
5 commission, department, independent agency, institution, office, society, or other
6 body in state government created or authorized to be created by the constitution or
7 any law, including the legislature, the office of the governor, and the courts, but
8 excluding the Health Insurance Risk-Sharing Plan Authority. “Governmental unit”
9 does not mean any political subdivision of the state or body within one or more
10 political subdivisions ~~which~~ that is created by law or by action of one or more political
11 subdivisions.

12 **SECTION 159.** 601.41 (1) of the statutes is amended to read:

13 601.41 (1) DUTIES. The commissioner shall administer and enforce chs. 600 to
14 655 and ss. 59.52 (11) (c), 66.0137 (4) and (4m), 100.203, 120.13 (2) (b) to (g), and
15 149.13, ~~and 149.144~~ and shall act as promptly as possible under the circumstances
16 on all matters placed before the commissioner.

17 **SECTION 160.** 601.415 (12) of the statutes is amended to read:

18 601.415 (12) ~~HEALTH INSURANCE RISK-SHARING PLAN~~ INSURANCE RISK-SHARING
19 PLAN. The commissioner shall perform the duties specified to be performed by the
20 commissioner in ~~ss. s. 149.13 and 149.144.~~ ~~The commissioner, or his or her designee,~~
21 ~~shall serve as a member of the board under s. 149.15.~~

22 **SECTION 161.** 601.64 (1) of the statutes is amended to read:

23 601.64 (1) INJUNCTIONS AND RESTRAINING ORDERS. The commissioner may
24 commence an action in circuit court in the name of the state to restrain by temporary
25 or permanent injunction or by temporary restraining order any violation of chs. 600

1 to 655, or s. 149.13 ~~or 149.144~~, any rule promulgated under chs. 600 to 655, or any
2 order issued under s. 601.41 (4). The commissioner need not show irreparable harm
3 or lack of an adequate remedy at law in an action commenced under this subsection.

4 **SECTION 162.** 601.64 (3) (a) of the statutes is amended to read:

5 601.64 (3) (a) *Restitutionary forfeiture.* Whoever violates an effective order
6 issued under s. 601.41 (4), any insurance statute or rule, or s. 149.13 ~~or 149.144~~ shall
7 forfeit to the state twice the amount of any profit gained from the violation, in
8 addition to any other forfeiture or penalty imposed.

9 **SECTION 163.** 601.64 (3) (c) of the statutes is amended to read:

10 601.64 (3) (c) *Forfeiture for violation of statute or rule.* Whoever violates an
11 insurance statute or rule or s. 149.13 ~~or 149.144~~, intentionally aids a person in
12 violating an insurance statute or rule or s. 149.13 ~~or 149.144~~, or knowingly permits
13 a person over whom he or she has authority to violate an insurance statute or rule
14 or s. 149.13 ~~or 149.144~~ shall forfeit to the state not more than \$1,000 for each
15 violation. If the statute or rule imposes a duty to make a report to the commissioner,
16 each week of delay in complying with the duty is a new violation.

17 **SECTION 164.** 601.64 (4) of the statutes is amended to read:

18 601.64 (4) **CRIMINAL PENALTY.** Whoever intentionally violates or intentionally
19 permits any person over whom he or she has authority to violate or intentionally aids
20 any person in violating any insurance statute or rule of this state, s. 149.13 ~~or~~
21 ~~149.144~~, or any effective order issued under s. 601.41 (4) is guilty of a Class I felony,
22 unless a specific penalty is provided elsewhere in the statutes. Intent has the
23 meaning expressed under s. 939.23.

24 **SECTION 165.** 613.03 (4) of the statutes is amended to read:

1 **613.03 (4) ~~MANDATORY HEALTH INSURANCE RISK-SHARING PLAN~~ HEALTH INSURANCE**
2 **RISK-SHARING PLAN.** Service insurance corporations organized or operating under
3 this chapter are subject to the requirements that apply to insurers and insurance
4 under ch. 149.

5 **SECTION 166.** 631.20 (2) (f) of the statutes is created to read:

6 **631.20 (2) (f)** In the case of a policy form under ch. 149, that any of the following
7 applies:

8 1. The benefit design is not comparable to a typical comprehensive individual
9 health insurance policy offered in the private sector market in this state.

10 2. The benefit levels are not generally reflective of and commensurate with
11 comprehensive health insurance coverage offered in the private individual market
12 in the state.

13 3. The copayments, deductibles, and coinsurance are not actuarially equivalent
14 to comprehensive individual plans and would create undue financial hardship.

15 4. It is inconsistent with the purpose of providing health care coverage to those
16 unable to obtain coverage in the private market.

17 **SECTION 167.** 632.785 (title) of the statutes is amended to read:

18 **632.785 (title) Notice of mandatory risk-sharing plan Health Insurance**
19 **Risk-Sharing Plan.**

20 **SECTION 168.** 895.65 (1) (c) of the statutes is amended to read:

21 **895.65 (1) (c)** “Governmental unit” means any association, authority, board,
22 commission, department, independent agency, institution, office, society or other
23 body in state government created or authorized to be created by the constitution or
24 any law, including the legislature, the office of the governor and the courts.

25 “Governmental unit” does not mean the University of Wisconsin Hospitals and

1 Clinics Authority, the Health Insurance Risk-Sharing Plan Authority, or any
2 political subdivision of the state or body within one or more political subdivisions
3 which is created by law or by action of one or more political subdivisions.

4 **SECTION 169. Nonstatutory provisions.**

5 (1) ADMINISTRATOR CONTRACT.

6 (a) Because the legislature has determined that it is in the best interest of the
7 Health Insurance Risk-Sharing Plan to have the Health Insurance Risk-Sharing
8 Plan Authority administer the Health Insurance Risk-Sharing Plan beginning on
9 July 1, 2006, the department of health and family services shall, no later than
10 January 1, 2006, give written notice to the plan administrator under section 149.16,
11 2003 stats., terminating the contract between the department of health and family
12 services and the plan administrator effective July 1, 2006.

13 (b) Notwithstanding the treatment of sections 149.11 (1), 149.12 (1) (intro.) and
14 (1m), and 149.16 of the statutes, as affected by this act, the Health Insurance
15 Risk-Sharing Plan Authority shall enter into a contract with the plan administrator
16 under section 149.16, 2003 stats., that has the same terms and conditions as the
17 contract under paragraph (a) and under which the plan administrator has the same
18 rights, duties, and obligations as it had under the contract under paragraph (a) and
19 the Health Insurance Risk-Sharing Plan Authority has the same rights, duties, and
20 obligations as the department of health and family services had under the contract
21 under paragraph (a). The contract under this paragraph shall have a term beginning
22 on July 1, 2006, and ending on the same date as the contract under paragraph (a)
23 would have ended had the contract not been terminated under paragraph (a). The
24 department of health and family services, the plan administrator, and the Health
25 Insurance Risk-Sharing Plan Authority shall cooperate with one another to ensure

1 that the administration of the Health Insurance Risk-Sharing Plan continues
2 without interruption after the termination of the contract under paragraph (a) and
3 the commencement of the contract under this paragraph.

4 (2) TERMS OF INITIAL MEMBERS OF BOARD. Notwithstanding the length of terms
5 specified for the members of the board of directors of the Health Insurance
6 Risk-Sharing Plan Authority under section 149.41 (1) of the statutes, as created by
7 this act, the initial members of the board of directors shall be appointed for the
8 following terms:

9 (a) At the governor’s discretion, one member appointed under section 149.41
10 (1) (a) of the statutes, one member appointed under section 149.41 (1) (b) of the
11 statutes, and one member appointed under section 149.41 (1) (c) of the statutes for
12 one-year terms.

13 (b) At the governor’s discretion, 2 members appointed under section 149.41 (1)
14 (a) of the statutes, 2 members appointed under section 149.41 (1) (b) of the statutes,
15 and 2 members appointed under section 149.41 (1) (c) of the statutes, for 2-year
16 terms.

17 (c) At the governor’s discretion, one member appointed under section 149.41
18 (1) (a) of the statutes, one member appointed under section 149.41 (1) (b) of the
19 statutes, and 2 members appointed under section 149.41 (1) (c) of the statutes, for
20 3-year terms.

create Auto Ref (A)

21

SECTION 170. Appropriation changes.

create auto ref

22 (1) TRANSFERS FOR FUNDING HEALTH INSURANCE RISK-SHARING PLAN. The
23 unencumbered balances in the appropriation accounts under section 20.435 (4) (u),
24 2003 stats., and section 20.435 (4) (v), 2003 stats., immediately before the effective

24 *(B)*

insert SS-23 here

under section 149.11 (2) of the statutes

1 date of this subsection, are transferred to the Health Insurance Risk-Sharing Plan
2 funds as affected by this act.

3 (2) HEALTH INSURANCE RISK-SHARING PLAN.

4 (a) *Administration.* In the schedule under section 20.005 (3) of the statutes for
5 the appropriation to the department of health and family services under section
6 20.435 (4) (u) of the statutes, as affected by the acts of 2005, the dollar amount is
7 increased by \$3,535,500 for fiscal year 2005-06 to fund the costs of the department
8 for administering the Health Insurance Risk-Sharing Plan until July 1, 2006, and
9 to increase the authorized FTE positions for the department by 4.83 SEG positions
10 for the period ending on July 1, 2006, for administration of the Health Insurance
11 Risk-Sharing Plan.

12 (b) *Program benefits.* In the schedule under section 20.005 (3) of the statutes
13 for the appropriation to the department of health and family services under section
14 20.435 (4) (v) of the statutes, as affected by the acts of 2005, the dollar amount is
15 increased by \$78,643,800 for fiscal year 2005-06 to increase funding for the purposes
16 for which the appropriation is made.

17 **SECTION 171. Initial applicability.**

18 (1) 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 (2) PLAN DESIGN. The treatment of sections 149.14 (3) (b), (c) 1., 2., and 3. (by
23 SECTION 99), (e), (f), (m), (o), and (p), and (6) (a) and (b) and 149.165 (2) (a) 1., 2., 3.,
24 4., and 5. of the statutes and the repeal and recreation of section 149.14 (4) and (5)
25 of the statutes first apply to the plan year beginning on January 1, 2007.

Insert 57-4

(3) INCOME TAX EXEMPTIONS. The treatment of sections 71.07 (5g), 71.10 (4) (cp), 71.21 (4), 71.26 (1) (be), 71.26 (2) (a), 71.28 (5g), 71.30 (3) (dm), 71.34 (1) (g), 71.45 (2) (a) 10., 71.47 (5g), 71.49 (1) (dm), 76.655, 76.67 (2), and 77.92 (4) of the statutes first applies to taxable years beginning on January 1, 2006.

SECTION 172. Effective dates. This act takes effect as follows:

(1) ADMINISTRATOR CONTRACT. SECTIONS 169 (1) (a) and 170 (2) of this act take effect on the day after publication.

INSURER ASSESSMENT TAX CREDIT;

(2) CREATION OF AUTHORITY; MISCELLANEOUS. The treatment of sections 1.12 (1) (b), 13.172 (1), 13.62 (2), 13.94 (1) (b), (dh), and (g), 13.95 (intro.), 16.002 (2), 16.004 (4), (5), and (12) (a), 16.045 (1) (a), 16.15 (1) (ab), 16.41 (4), 16.417 (1) (a), 16.52 (7), 16.528 (1) (a), 16.53 (2), 16.54 (9) (a) 1., 16.70 (2), 16.72 (2) (e) (intro.) and (f), 16.75 (1m), (8) (a) 1. and 2., and (9), 16.765 (1), (2), (4), (5), (6), (7) (intro.) and (d), and (8), 16.85 (2), 16.865 (8), 70.11 (41m), 71.07 (5g), 71.10 (4) (cp), 71.21 (4), 71.26 (1) (be), and (2) (a), 71.28 (5g), 71.30 (3) (dm), 71.34 (1) (g), 71.45 (2) (a) 10., 71.47 (5g), 71.49 (1) (dm), 76.655, 76.67 (2), 77.54 (9a) (a), 77.92 (4), 101.055 (2) (a), 101.177 (1) (d), 149.10 (2j) (a) 3., (2t) (c), (3), (3e), (7), and (8), 149.12 (2) (g), 149.18, 149.25, 230.03 (3), 230.80 (4), and 895.65 (1) (c), subchapter I (title) of chapter 149, and subchapter II (title) of chapter 149 of the statutes, the creation of subchapter III of chapter 149 of the statutes, and SECTION 169 (1) (b) and (2) of this act take effect on January 1, 2006, or on the day after publication, whichever is later.

(3) TRANSFER OF ADMINISTRATION. The treatment of sections 20.145 (5), 20.435 (4) (u) and (v), 25.55 (1), (2), and (3), 149.10 (intro.), (1), (2), (2m), (9), and (10), 149.105, 149.11, 149.115, 149.12 (1) (intro.) and (a), (1m), (3) (a) and (c), (4), and (5), 149.13 (1), (3) (a) and (b), and (4), 149.14 (1) (a), (2) (a), (3) (intro.), (c) 3. (by SECTION 98), and (d), (4c), (4m), (5m), (7) (b) and (c), and (8), 149.141, 149.142 (1) (a) and (b)

22

25.17(1)(gf),
intro. → 3
→ 4

(3e),

1 and (2), 149.143, 149.144, 149.145, 149.146 (1) (a) and (b) and (2) (a), (am), and (b),
 2 149.15, 149.16, 149.165 (1), (2) (a) (intro.) and (bc), (3) (a) and (b) (intro.), (3m), and
 3 (4), 149.17 (1), (2), and (4), 149.175, 149.20, 601.41 (1), 601.415 (12), 601.64 (1), (3)
 4 (a) and (c), and (4), 613.03 (4), 631.20 (2) (f), 632.785 (title), and subchapter IV of
 5 chapter 149 of the statutes, the repeal of sections 149.14 (5) (d) and (e) and 149.40
 6 of the statutes, the renumbering and amendment of section 149.12 (2) (f) of the
 7 statutes, the amendment of section 149.14 (4) (d) and (m) and (5) (b) and (c) of the
 8 statutes, the creation of section 149.12 (2) (f) 2. of the statutes, and SECTIONS 170 (1)
 9 and 171 (1) of the statutes take effect on July 1, 2006.

10 (4) PLAN DESIGN. The treatment of sections 149.14 (3) (b), (c) 1., 2., and 3. (by
 11 SECTION 99), (e), (f), (m), (o), and (p), and (6) (a) and (b) and 149.165 (2) (a) 1., 2., 3.,
 12 4., and 5. of the statutes, the repeal and recreation of section 149.14 (4) and (5) of the
 13 statutes, and SECTION 171 (2) of this act take effect on January 1, 2007.

(END)

and (4)
 ↑
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Background of Health Insurance Risk-Sharing Plan

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 (called "eligible individuals" in the statutes) who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage (called creditable coverage) for at least 18 months in the past. HIRSP is funded by premiums paid by covered persons, insurer assessments, and provider payment discounts, and is administered by the Department of Health and Family Services (DHFS), a board of governors, and a plan administrator.

Creation of Health Insurance Risk-Sharing Plan Authority

This bill creates the Health Insurance Risk-Sharing Plan Authority (HIRSP Authority) for the primary purpose of assuming the administration of HIRSP, beginning on July 1, 2006. An authority is a public body with a board of directors that is created by state law but that is not a state agency. The board of directors of the HIRSP Authority consists of the commissioner of insurance (commissioner), or the commissioner's designee, as a nonvoting member and 13 other members who are appointed by the governor, with the advice and consent of the senate, for three-year terms. These 13 members must include persons with coverage under HIRSP and representatives of insurers, health care providers, and small businesses. The board may appoint an executive director, who may not be a member of the board.

Because the HIRSP Authority is not a state agency, numerous laws that apply to state agencies do not apply to the HIRSP Authority. However, the HIRSP Authority is treated like a state agency in the following respects, among others: 1) it is generally subject to the open records and open meetings laws; 2) it is treated like a state agency for purposes of the law regulating lobbying; 3) it is exempt from income tax, sales and use tax, and property taxes; 4) its employees may not engage in political activities while engaged in official duties; and 5) it must use a competitive bid or proposal process whenever contracting for professional services.

The HIRSP Authority is unlike a state agency in many other ways, including: 1) it approves its own budget without going through the state budgetary process; 2) its employees are not state employees, are not included in the state system of personnel management, may not participate in the system for state retirement benefits or health insurance coverage, and are hired outside the state hiring system; 3) it is not subject to statutory rule-making procedures, including requirements for legislative review of proposed rules; 4) although HIRSP is subject to an annual financial audit by the Legislative Audit Bureau, the HIRSP Authority is not subject to auditing by the Legislative Audit Bureau; and 5) the Code of Ethics for Public Officials and Employees does not apply to any member or employee of the HIRSP Authority.

Representatives

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Unlike most other authorities under current law, the HIRSP Authority may not issue bonds. It pays the administrative and operating expenses of HIRSP, as under current law, through premiums paid by persons with coverage under HIRSP, insurer assessments, and provider payment discounts. The HIRSP Authority must annually submit a report to the legislature and to the governor on the operation of HIRSP.

Changes to the Health Insurance Risk-Sharing Plan

This bill makes a number of changes to HIRSP, including the following:

1. *Administration.* Under current law, HIRSP is administered by DHFS, a board of governors, and a plan administrator under contract with DHFS. Effective July 1, 2006, the bill eliminates the HIRSP board of governors and transfers administrative authority over HIRSP from DHFS to the HIRSP Authority and its board of directors. The bill requires DHFS to terminate its contract with the plan administrator, effective July 1, 2006, and requires the HIRSP Authority to enter into an identical contract with the same plan administrator with a beginning date of July 1, 2006, and an ending date that is the same as the ending date of the original contract between DHFS and the plan administrator. Because the bill authorizes the HIRSP Authority to enter into contracts for the administration of HIRSP, after the end of its contract with the current plan administrator, it may contract with the same or a different plan administrator, but must use a competitive request-for-proposals process to do so.

2. *Eligibility.* To be eligible for HIRSP, a person must be a state resident. The bill changes from 30 days to three months the length of time that a person must be domiciled in this state to be considered a state resident for purposes of HIRSP eligibility.

In general, a person who is eligible for Medical Assistance (MA) is not eligible for HIRSP. The bill provides that persons who are eligible for only certain limited services provided under MA, such as family planning services for low-income women and payment of Medicare premiums, deductibles, and coinsurance for persons eligible for Medicare who meet the income and resource limitations, are not ineligible for HIRSP coverage because of their eligibility for only those MA services. The bill provides, however, that HIRSP will not pay for services that are reimbursed under MA. The bill also specifically provides that persons who are eligible for certain listed programs or benefits, such as the Badger Care Health Care Program and Long-Term Support Community Options Program, are ineligible for HIRSP coverage.

Under current law, a person who is rejected for health insurance coverage by one or more insurers within nine months of applying for HIRSP coverage is eligible for HIRSP. The bill changes that requirement to two or more insurers.

The bill adds Medicare Part B, which is the prescription drug benefit under Medicare, to the definition of Medicare for purposes of HIRSP. Thus, a person who is eligible for HIRSP based on their coverage under Medicare because they are disabled would be eligible for HIRSP coverage if they had coverage under Medicare Part B. In addition, HIRSP does not pay for benefits that are paid for by Medicare, so HIRSP would not pay for prescription drugs covered under the person's Medicare Part B coverage.

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3. *Benefit design.* Benefits provided by HIRSP, as well as deductibles and out-of-pocket limits, are specified in the statutes. Except for eligible individuals, who are not subject to any preexisting condition exclusion, a condition that a person was diagnosed with or treated for within six months of obtaining coverage under HIRSP is excluded from coverage for the first six months. Current law authorizes DHFS to establish copayments and out-of-pocket limits for prescription drug coverage. The bill retains all current law benefits, deductibles, copayments, out-of-pocket limits, and the preexisting condition exclusion through December 31, 2006. Beginning on January 1, 2007, benefits are modified somewhat, mostly by limiting the extent of certain benefits to the extent that commercial insurers are required to provide under the statutes known as health insurance mandates, and coverage for the services of a home health agency is added. No benefits are eliminated. Also beginning on that date, the HIRSP Authority is authorized to establish deductibles, copayments, coinsurance, limitations, and, except for eligible individuals, exclusions that are not specified in the statute, and to develop additional benefit designs that are responsive to market conditions. The Office of the Commissioner of Insurance (OCI) may disapprove any policy developed by the HIRSP Authority if the benefit design is not comparable to a typical comprehensive individual health insurance policy in the private market, the benefit levels do not generally reflect comprehensive individual health insurance in the private market, or the deductibles, copayments, or coinsurance are not actuarially equivalent to comprehensive individual health insurance in the private market or would create undue financial hardship.

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4. *Payment of plan costs.* Current law sets out a complex formula for payment of the administrative and operating expenses of HIRSP. In general, premiums must be set at a rate that pays for 60 percent of costs and may not exceed 200 percent of the rate a standard risk would be charged for the same coverage and deductibles. Insurer assessments and provider payment discounts must each pay for half of the remaining 40 percent of costs. The bill eliminates the formula but retains the requirements that premiums must be set at a rate to pay for 60 percent of costs, excluding premium, deductible, and copayment subsidy costs (subsidy costs), and may not exceed 200 percent of ~~the rate a standard risk would be charged for the same coverage and deductibles that a person with coverage under HIRSP has,~~ that insurer assessments must be set at an amount to cover 20 percent of costs, excluding subsidy costs, and that provider payment discounts must be set at a rate to cover 20 percent of costs, excluding subsidy costs. Subsidy costs are to be paid first from any federal high risk pool grant funds that are received by OCI, and the remainder of subsidy costs are paid equally through insurer assessments and provider payment discounts. If federal high risk pool grant funds received in a year exceed subsidy costs in that year, the excess federal funds must be used to pay the administrative and operating costs before premiums, insurer assessments, and provider discounts are applied to the costs.

5. *Subsidies.* Under current law, generally, persons with coverage under HIRSP who have household incomes below \$25,000 receive premium and deductible subsidies and may receive prescription drug copayment subsidies. For a person who

rates applicable to standard risks

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is eligible for a subsidy, the statute sets out, on the basis of the person's household income category, the specific deductible amount that the person must pay and the premium rate that the person must pay as a percentage of the rate that a standard risk would be charged for the same coverage and deductibles. The bill retains the subsidies and makes no changes to the categories of persons who are eligible for subsidies and no changes to the standard risk rates that are the basis for premium reductions. The bill clarifies, however, that beginning on January 1, 2007, the premium reductions are based on a percentage of what a standard risk would be charged for the same coverage and deductibles that the person with coverage under HIRSP has, without any reduction in the deductible because of a deductible subsidy that the person receives. In addition, beginning on January 1, 2007, the specific reduced deductible amounts are eliminated and the HIRSP Authority is directed to establish and provide deductible subsidies for those persons paying reduced deductibles under current law and is authorized to provide prescription drug copayment subsidies for those same persons.

(however)

Health Care Tax Credit Program

The federal Trade Adjustment Assistance Reform Act of 2002 (TAA) provides, among other benefits related to employment, a federal income tax credit for up to 65 percent of the amount of the premium paid by eligible persons for coverage for themselves and their dependents under qualified health insurance. Eligible persons are those who are eligible for TAA employment-related benefits because they have lost their jobs or experienced reduced work hours and wages because of increased imports and those who are at least 55 years of age and receiving benefits from the Pension Benefit Guaranty Corporation. The bill requires the HIRSP Authority to design and administer, as long as the federal income tax credit is available, a plan of health care coverage that satisfies the requirements for qualified health insurance for coverage of persons who are eligible for the tax credit.

Assessment Credits

The bill creates an income and franchise tax credit and a license fee credit for insurers that pay assessments to OCI. The amount of the credit is equal to a percentage of the amount of the assessment that the insurer paid in the calendar year in which the insurer's taxable year begins. The Department of Revenue and OCI determine the percentage of the amount that each insurer may claim in each taxable year so that the total amount of the credits awarded to all insurers in each fiscal year is approximately \$5,000,000.

anal space

→ This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

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

(END OF INSERT A)

Insert 16-24 182

1 149.165 (2) (a) 4., 149.165 (2) (a) 5., 149.165 (2) (bc), 149.165 (3) (a), 149.165 (3)
 2 (b) (intro.), 149.165 (3m), 149.17 (1), 149.18, 601.41 (1), 601.415 (12), 601.64 (1),
 3 601.64 (3) (a), 601.64 (3) (c), 601.64 (4), 613.03 (4) and 632.785 (title); **to repeal**
 4 **and recreate** 149.11, 149.14 (3) (b), 149.14 (3) (c), 149.14 (4) and 149.143; and
 5 **to create** 20.145 (5), 71.07 (5g), 71.10 (4) (cp), 71.28 (5g), 71.30 (3) (dm), 71.47
 6 (5g), 71.49 (1) (dm), 76.655, subchapter I (title) of chapter 149 [precedes 149.10],
 7 149.10 (1), 149.12 (2) (g), 149.12 (4), 149.14 (3) (f), 149.141, 149.155, subchapter
 8 III of chapter 149 [precedes 149.40] and 631.20 (2) (f) of the statutes; **relating**
 9 **to:** the Health Insurance Risk-Sharing Plan; creating the Health Insurance
 10 Risk-Sharing Plan Authority; a health benefit plan for person eligible for tax
 11 credits for payment of premiums; and making an appropriation.

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:

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

13 20.145 (5) **HEALTH INSURANCE RISK-SHARING PLAN. (g) Insurer assessments.** All
 14 moneys received in insurer assessments under s. 149.13, to be paid to the Health
 15 Insurance Risk-Sharing Plan Authority under ch. 149 for deposit in the Health
 16 Insurance Risk-Sharing Plan fund under s. 149.11 (2).

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

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

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

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



2002
Insert 16-24 cont'd

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

3 149.11 (2) (a) 1. Insurer assessments under ~~ch. 149 s. 149.13, paid to the~~
4 authority under s. 20.145 (5) (g).

5 SECTION 7. 25.55 (4) of the statutes is renumbered 149.11 (2) (a) 2. and amended
6 to read:

7 149.11 (2) (a) 2. Premiums paid by eligible persons under ~~ch. 149.~~

8 SECTION 8. 71.07 (5g) of the statutes is created to read:

9 71.07 (5g) HEALTH INSURANCE RISK-SHARING PLAN ASSESSMENTS CREDIT. (a)

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

14 (b) *Filing claims.* Subject to the limitations provided under this subsection, for
15 taxable years beginning after December 31, 2005, a claimant may claim as a credit
16 against the taxes imposed under s. 71.02 an amount that is equal to a percentage of
17 the amount of the assessment under s. 149.13 that the claimant paid in the taxable
18 year, as determined under par. (c).

19 (c) *Limitations.* 1. The department of revenue, in consultation with the office
20 of the commissioner of insurance, shall determine the percentage under par. (b) for
21 each claimant for each taxable year so that the cost of the credit under this subsection
22 and ss. 71.28 (5g), 71.47 (5g), and 76.655 is as close as practicable to \$5,000,000 in
23 each fiscal year.

24 2. Partnerships, limited liability companies, and tax-option corporations may
25 not claim the credit under this subsection, but the eligibility for, and the amount of,

(end of insert 16-24)

Insert 18 - 2

1 3. The amount of any credits that a claimant is awarded under this subsection
2 for taxable years beginning after December 31, 2005, and before January 1, 2008,
3 may first be claimed against the tax imposed under this subchapter for taxable years
4 beginning after December 31, 2007, and in the manner determined by the
5 department of revenue.

Insert 20 - 6

6 3. The amount of any credits that a claimant is awarded under this subsection
7 for taxable years beginning after December 31, 2005, and before January 1, 2008,
8 may first be claimed against the tax imposed under this subchapter for taxable years
9 beginning after December 31, 2007, and in the manner determined by the
10 department of revenue.

Insert 21 - 21

11 3. The amount of any credits that a claimant is awarded under this subsection
12 for taxable years beginning after December 31, 2005, and before January 1, 2008,
13 may first be claimed against the tax imposed under this subchapter for taxable years
14 beginning after December 31, 2007, and in the manner determined by the
15 department of revenue.

Insert 22 - 16

16 (b) The amount of any credits that a claimant is awarded under this section for
17 taxable years beginning after December 31, 2005, and before January 1, 2008, may
18 first be claimed against the fees imposed under ss. 76.60, 76.63, 76.65, or 76.67 for
19 taxable years beginning after December 31, 2007, and in the manner determined by
20 the department of revenue.

insert 27-18

1 to vote in Wisconsin, or filing a Wisconsin income tax return, is legally domiciled in
2 this state by living in this state.

3 SECTION 34. 149.10 (10) of the statutes is repealed.

4 SECTION 35. 149.11 of the statutes is repealed and recreated to read:

5 149.11 Administration of plan. (1) AUTHORITY. The authority shall be
6 responsible for the operation of the plan and may enter into contracts for the plan's
7 administration.

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

Insert 27-18A

11 5 ← 8. The earnings resulting from investments under par. (b).

12 6 ← 4. Any other moneys received by the authority from time to time.

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

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

18 (a).

19 SECTION 36. 149.115 of the statutes is amended to read:

20 149.115 Rules relating to creditable coverage. The commissioner, ~~in~~
21 ~~consultation with the department,~~ shall promulgate rules that specify how
22 creditable coverage is to be aggregated for purposes of s. 149.10 (2t) (a) and that
23 determine the creditable coverage to which s. 149.10 (2t) (b) and (d) applies. The
24 rules shall comply with section 2701 (c) of P.L. 104-191.

25 SECTION 37. 149.12 (1) (intro.) of the statutes is amended to read:

(end of ins 27-18)

Insert 27-18A

~~Res~~

¶ 3. Federal moneys paid to the authority under s. 20.145 (5)(m).

4. The moneys transferred under 2005 Wisconsin Act, . . . (this act), section 170 (1)

auto ref A ↑
A.R. (B) ↑

CPS: (See p. 55)

(end of ins 27-18A)



2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3798/P4ins
PJK&JK:wlj&lk:pg

INSERT 55-23

1 *not* unencumbered balance in the Health Insurance Risk-Sharing Plan fund under
2 section 25.55, 2003 stats., immediately before the effective date of this subsection,
3 and the

(END OF INSERT 55-23)

INSERT 57-4

text-us: inappl
4 *ff* (4) PREEXISTING CONDITION EXCLUSION. The treatment of section 149.14 (6) (a)
5 and (b) of the statutes and the repeal and recreation of section 149.14 (4) (with
6 respect to establishing preexisting condition exclusions) of the statutes first apply
7 to persons who submit applications for coverage under the Health Insurance
8 Risk-Sharing Plan on the effective date of this subsection.

(END OF INSERT 57-4)

take all tax ~~exemptions~~ exemptions out
income
Sales & use
prop

anal
test
update / initial op

must put in a sub

done out

end of day nam

12

Joe

add:

first claimable after Dec 31,
2007

to analysis

70.11 (41m)

71.26 (1)(be)

77.54 (9a)(a)

