

2005 DRAFTING REQUEST

Assembly Amendment (AA-AB907)

Received: **01/30/2006**

Received By: **pkahler**

Wanted: **Today**

Identical to LRB:

For: **James Kreuser (608) 266-5504**

By/Representing: **Lisa Lundquist**

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

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**
Insurance - other insurance

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Kreuser@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Require legislature to create authority to establish reinsurance program

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 01/30/2006	jdye 01/30/2006		_____			
/1			pgreensl 01/30/2006	_____	lnorthro 01/30/2006	lnorthro 01/30/2006	

FE Sent For:

<END>

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/?	pkahler	1/30jld	30 PG	1/30 sub			

FE Sent For:

<END>

amdt to AB 907

Lisa L.
Rep Kreese

gov healthy start ins program

draft a requirement to introduce
and pass reinsurance program

legislation this session

(see AB 834 - similar
to that)

incorporate 2 main bullet points from
gov's proposal

Kahler, Pam

From: Ryan, Robin
Sent: Monday, January 30, 2006 12:23 PM
To: Kahler, Pam
Subject: FW: drafting request for tomorrow's session

Attachments: Healthy WI Program.doc

From: Lundquist, Lisa
Sent: Monday, January 30, 2006 12:21 PM
To: Ryan, Robin
Subject: drafting request for tomorrow's session

Robin,

I've been told that you are the person to talk to regarding the Governor's Healthy WI Program, catastrophic care reinsurance program. Rep. Kreuser was wondering if we could get this program drafted as an amendment to AB907 (which is on the calendar for tomorrow). I've attached some information from the Gov's State of the State address outlining some of the elements of the proposal. Please let me know if you have any questions/ concerns.

Thank you,

Lisa
Office of Rep. Kreuser
266-5504



Healthy WI
ogram.doc (121 KB)

Proposal Elements:

- Create a new quasi-private authority that would be directed to establish a statewide reinsurance program for businesses and individuals that would be designed to cover catastrophic health care costs.
- The new authority would be governed by a board of business and labor leaders that are representative of the businesses and individuals served by the pool.
- The program would cover all costs (or 90%)⁸ that participating businesses and individuals accrue above a set "stop loss" level per claim. This "stop loss" level could be set at a higher or lower level depending on what works best for participating members. It could also be adjusted based on the size of business to provide a bigger benefit to smaller businesses. *at least 90%*
- A stop loss level of \$50,000 would mean that roughly 10% of total participant health care costs would be funded through the state reinsurance program.⁹
- Participants would be charged a per-member, per-month fee to fund the program. Other fee structures and additional funding sources could be explored as well.
- States have used a variety of reinsurance program structures. The authority board would need to examine any and all models to determine what works best for Wisconsin businesses.
- Over time fees would be adjusted for each participant depending on their use of the reinsurance program. These adjustments would be smoothed out in order to avoid large increases or decreases from year to year.
- The board could explore ways to limit its risk exposure. One possibility would be to purchase its own reinsurance policy from a specialty insurer such as Lloyd's of London. This may or may not be a cost-effective option.
- The goal of the program would be to lower health care insurance premium costs by levels comparable to the Healthy New York Program.

⁸ It may make sense to require some level of cost sharing for catastrophic costs. This would ensure that participants have an incentive to control costs even after reaching the stop-loss level.

⁹ Source: AJ Jacobs – WEA Trust – Stop loss level set by WEA Trust for the school districts currently participating in the Trust's Reinsurance program. This level is designed to have the program fund 10% of total health care costs.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRBa2205/

PJK: ^:....

JL

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

ASSEMBLY AMENDMENT ,

TO 2005 ASSEMBLY BILL 907

D-note
today

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

2 1. Page 2, line 5: after ✓ "Board;" insert "requiring the legislature to introduce
3 and pass legislation establishing a reinsurance program for catastrophic health care
4 costs;". ✓

5 2. Page 21, line 6: after that line insert:

6 "SECTION 72m. Nonstatutory provisions.

7 (1) REINSURANCE PROGRAM FOR CATASTROPHIC HEALTH CARE COSTS LEGISLATION. In
8 the 2005-06 legislative session, the legislature shall introduce and pass a bill that
9 creates an authority that is directed to examine various reinsurance program
10 structures, to determine the model that is most suitable and advantageous for
11 ~~businesses~~ ^{participants} in this state, and to establish a statewide ✓ reinsurance program for
12 businesses and individuals for covering catastrophic health care costs. The

1 reinsurance program established by the authority shall be funded by fees paid by
2 participants and shall be designed to cover at least 90 percent of the health care cost
3 incurred by a participant that exceeds a specified level per claim. The level set per
4 claim may vary, depending on whether the participant is an individual or a business
5 and on the size of a business.”.

6 (END)

D-note

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

LRBa2205/dn

PJK:K:...

Jld

Because this amendment substantially expands the scope of 2005[✓] Assembly Bill 907, it may be considered nongermane[✓] under assembly rule 54 (3) (f).

There is no way to enforce a provision that requires the legislature to introduce a bill. What happens if no legislator does?

It is impossible to require the legislature to pass a bill. How can a provision in a bill (or act) require a majority of legislators in both houses to vote for passage of a particular bill? No legislator voting against such a bill would be in violation because no single legislator would necessarily have to be part of the majority voting for the bill. Obviously this provision cannot be enforced, either.

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

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LRBa2205/1dn
PJK:jld:pg

January 30, 2006

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