

2005 ASSEMBLY BILL 926

January 19, 2006 – Introduced by Representatives GIELOW, DAVIS, OTT, NELSON, AINSWORTH, ALBERS, FREESE, FRISKE, GRONEMUS, GUNDERSON, HAHN, HINES, HUBLER, HUNDERTMARK, JESKEWITZ, KAUFERT, KRAWCZYK, KREIBICH, LOEFFELHOLZ, MONTGOMERY, MUSSER, NISCHKE, PETTIS, STASKUNAS, SUDER, VAN ROY, VOS, VRUWINK and GARD, cosponsored by Senators HARSDORF, COWLES, DARLING, DECKER, ERPENBACH, HANSEN, LEIBHAM, MILLER, RISSER and ROESSLER. Referred to Committee on Insurance.

1 **AN ACT** *to renumber* 635.02 (7); *to amend* 185.99 (2) (b), 185.99 (2) (c) 2., 185.99
2 (4) (a) (intro.) and 185.99 (4) (b); and *to create* 185.99 (4) (c) and 635.02 (7) (b)
3 of the statutes; **relating to:** group health care plans offered by health benefit
4 purchasing cooperatives.

Analysis by the Legislative Reference Bureau

Under current law, nonstock health benefit purchasing cooperatives (cooperative) may be organized in geographic areas of the state designated by the Commissioner of Insurance by order. The purpose of the cooperatives is to provide health care benefits to the employees, members, and officers of the members of each cooperative and to their dependents. Each cooperative may establish membership criteria, but membership in a cooperative is generally open to any business entity, trade or labor organization, municipality, or self-employed individual doing business in, or residing in, the designated geographic area of the cooperative. Current law provides that each cooperative must be designed so that all members purchase their health care benefits from the same insurer. Each cooperative must negotiate the benefits, and enter into a three-year contract, with the insurer that will provide the health care benefits.

This bill clarifies that the health care benefits provided by a cooperative must be provided in a single group health care policy or plan; that the contract under which the benefits are provided is between the cooperative and the insurer, rather than between the individual members and the insurer; and that the cooperative

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employees and members and their dependents receive their health care benefits as a single group under the group health care policy or plan.

Also under current law, a small employer, for purposes of insurance coverage under group health benefit plans, is generally defined as an employer with between 2 and 50 employees. An insurer that offers group health benefit plans to one or more small employers in the state is defined as a small employer insurer. With respect to group health benefit plans offered and sold to small employers, small employer insurers are subject to certain marketing standards, certain restrictions on premium rates that may be charged, and certain requirements to accept for coverage any small employer in the state that applies for coverage. This bill provides that: 1) any cooperative that provides health care benefits for more than 50 individuals who are members or employees of members, and any member of such a cooperative, is not a small employer for purposes of the insurance requirements related to group health benefit plans offered and sold to small employers; and 2) any insurer that contracts with a cooperative that provides health care benefits for more than 50 individuals who are members or employees of one or more members is not a small employer insurer with respect to the contract with that cooperative.

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

1 **SECTION 1.** 185.99 (2) (b) of the statutes is amended to read:

2 185.99 **(2)** (b) The purpose of a health benefit purchasing cooperative is to
3 provide health care benefits for the individuals specified in sub. (4) (a) 1. to 3., under
4 a single group health care policy or plan through a contract with between the health
5 benefit purchasing cooperative and an insurer authorized to do business in this state
6 in one or more lines of insurance that includes health insurance.

7 **SECTION 2.** 185.99 (2) (c) 2. of the statutes is amended to read:

8 185.99 **(2)** (c) 2. All members ~~purchase~~ receive their health care benefits ~~from~~
9 ~~the same insurer~~ under the group health care policy or plan negotiated under sub.
10 (4) (a).

11 **SECTION 3.** 185.99 (4) (a) (intro.) of the statutes is amended to read:

12 185.99 **(4)** (a) (intro.) The health care benefits offered by a health benefit
13 purchasing cooperative shall be negotiated between the health benefit purchasing

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1 cooperative and the insurer and shall be offered in a single group health care policy
2 or plan. The insurer must offer coverage under the group health care policy or plan
3 to all of the following:

4 **SECTION 4.** 185.99 (4) (b) of the statutes is amended to read:

5 185.99 (4) (b) The contract between the ~~members of a~~ health benefit
6 purchasing cooperative and an insurer shall be for a term of 3 years. Upon
7 enrollment in the insurer's group health benefit care policy or plan, each member
8 shall pay to the health benefit purchasing cooperative an amount determined by the
9 health benefit purchasing cooperative that is not less than the member's applicable
10 premium for the 36th month of coverage under the contract. If a member withdraws
11 from the health benefit purchasing cooperative before the end of the contract term,
12 the health benefit purchasing cooperative may retain, as a penalty, an amount
13 specified by the health benefit purchasing cooperative that is not less than the
14 premium that the member paid for the 36th month of coverage.

15 **SECTION 5.** 185.99 (4) (c) of the statutes is created to read:

16 185.99 (4) (c) An insurer that contracts under this section with a health benefit
17 purchasing cooperative that provides health care benefits for more than 50
18 individuals who are members or employees of one or more members is not a small
19 employer insurer, as defined in s. 635.02 (8), with respect to the contract between the
20 insurer and the health benefit purchasing cooperative.

21 **SECTION 6.** 635.02 (7) of the statutes is renumbered 635.02 (7) (a).

22 **SECTION 7.** 635.02 (7) (b) of the statutes is created to read:

23 635.02 (7) (b) Notwithstanding par. (a), "small employer" does not include any
24 of the following:

