

WISCONSIN STATE  
LEGISLATURE  
COMMITTEE HEARING  
RECORDS

2005-06

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on  
Insurance  
(AC-In)

(Form Updated: 11/20/2008)

COMMITTEE NOTICES ...

➤ Committee Reports ... CR

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➤ Executive Sessions ... ES

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➤ Public Hearings ... PH

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➤ Record of Comm. Proceedings ... RCP

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INFORMATION COLLECTED BY COMMITTEE  
FOR AND AGAINST PROPOSAL ...

➤ Appointments ... Appt

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Name:

➤ Clearinghouse Rules ... CRule

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➤ Hearing Records ... HR (bills and resolutions)

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➤ Miscellaneous ... Misc

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WISCONSIN ASSOCIATION  
OF PROVIDER NETWORKS

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## Written Comments on Assembly Bill 812

### Assembly Committee on Insurance

January 20, 2005

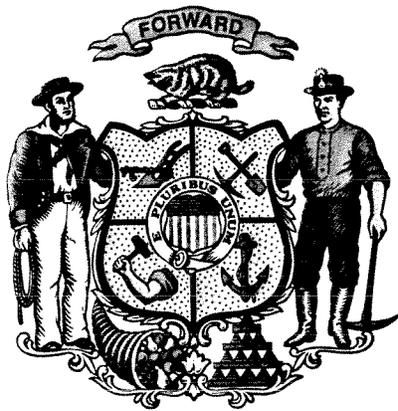
The Wisconsin Association of Provider Networks (WAPN) is an association whose members represent nearly **1.8 million Wisconsin health care consumers**. In 2005, our members contracted for over **\$4.5 billion dollars in health care expenditures**. Our members are made up of entities that produce Preferred Provider Organization (PPO) type products, including provider networks and insurance carriers.

WAPN supports AB812, otherwise known as List Bill, as additional opportunities to open up access to the uninsured. The number of small employers that do not offer group insurance continues to grow. For employers that have never offered group coverage, as well as those firms that can no longer afford group coverage, List Bill provides an opportunity to make purchasing individual health insurance easier for consumers. It is a mechanism that allows an employer to payroll deduct individual health insurance premiums on behalf of their employees, so long as the employer does not contribute to the premium. List Bill won't solve the health care cost crisis, but it will provide an opportunity to reduce the uninsured population by helping the uninsured gain access to individual coverage more conveniently.

List Bill is not a new concept. It has been utilized by employers in roughly 30 other states across the country, including the surrounding states of Illinois, Iowa, Michigan, Indiana and Ohio. Opponents of List Bill will argue that it will cause an erosion of the small group market. We believe this theory to be incorrect. A small employer will not drop coverage because of List Bill – they will drop coverage because they can no longer afford to pay for any portion of the premium. Opponents will also argue that List Bill removes consumer protections because small group market laws are better for consumers than the individual market. The reality is, however, that the only component of an insurance plan (group or individual) that is important is whether it is affordable. For individuals who have no access to group coverage, how can being insured by an individual plan worse than having no coverage at all?

We urge you to support AB812, and the Assembly Amendment, as a continued effort to reduce the uninsured rate in Wisconsin and provide easier access to insurance coverage for consumers.

Thank you for the opportunity to provide our comments.





# CURT GIELOW

State Representative

To: Representative Ann Nischke  
Members, Assembly Committee Insurance

From: Representative Curt Gielow

Date: February 8, 2005

Re: Support for Assembly Bill 812 – “List Billing”

Thank you for hearing this bill today. I respectfully ask that you support AB 812. AB 812 and its companion bill SB 240 make it easier for employed individuals to purchase good insurance coverage when their employers do not offer group health coverage.

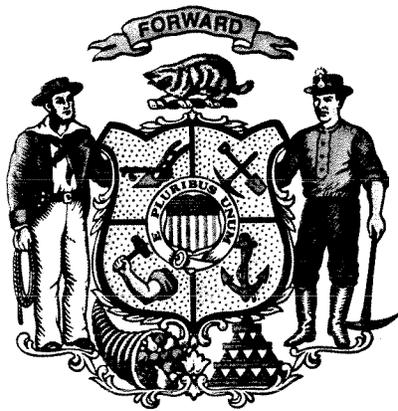
This legislation redefines “group” in group health benefit definitions by increasing the number that makes a group – from three (3) to nine (9). Increasing this number will benefit small employers and their employees. Small employers are often at a disadvantage in helping their employees obtain health coverage.

Small employers often want to help their employees by allowing insurers to come in and inform and teach the employees about insurance options that are available to individuals. As a matter of convenience, small employers will offer to deduct and transfer the payments of premiums directly from the employees’ wages. Current law allows this as long as it’s done for no more than two employees at any one workplace. However, when a third (fourth, fifth, etc.) employee joins the system, all of the individual policies begin to be treated by the Office of the Commissioner of Insurance as “group” policies.

This definition of the employee coverage occurs even though the policies are not group policies and cannot offer the rates and associated benefits of true group policies. AB 812 simply makes good coverage a little more available to some small firms and their employees.

I have an amendment to AB 812. Critics of this idea have suggested that it may have adverse effects on the small-group coverage market. I’d like to have some basis for trying to decide, some time in the future, if those claims were valid. AA 1 to AB 812 (LRB 2234/2) requires OCI to compile data that would shed light on the issue and report the data. AA 1 to AB 812 is slightly different than the Senate amendment to SB 420 passed in committee; the Assembly amendment makes certain that the data include a starting point or baseline data going back three years before implementation of this bill.

Thank you for your consideration of AB 812 and I urge you to support this bill.



My name is Josh Watson and I represent Golden Rule Insurance Company, A UnitedHealth Group company. I am testifying today in support of Assembly Bill 812.

Assembly Bill 812 is good public policy and will help working individuals pay their healthcare premiums. It is a small change in Wisconsin Law to permit the use of an insurance industry practice called "List Bill."

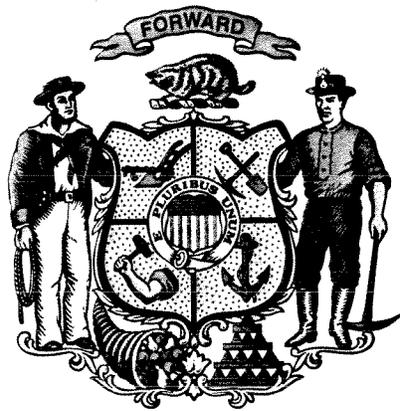
List Bill is a billing arrangement where a small employer uses a payroll deduction to pay the premium of an individual health policy purchased and owned by one or more of their employees. Under this arrangement, the employer may not contribute any money to the premium payment.

Currently, Wisconsin Law subjects individual policies to small group requirements if 3 or more employees purchase them from the same insurer.

Some facts about List Bill arrangements:

- There is nothing preventing small employers from dropping their coverage for any reason right now, forcing their employees to purchase individual policies and pay their own premiums. In states that allow List Bill there is no evidence that small employers are encouraged to drop their coverage solely to use this billing arrangement.
- If a small employer cannot afford to provide small group coverage, it is most likely they will not qualify for it. An employer who is willing to participate in a List Bill arrangement shows a desire to help their employees get health care coverage. List bill is a simple payroll deduction that provides employees a convenient payment method that they do not currently have.
- Under a List Bill arrangement, each employee owns an individual plan. This is especially important to part time and seasonal employees who would not qualify for small group coverage under most plans. The employee may change employers without the fear of losing their coverage.

List Bill is not a complete solution for covering all the uninsured employees in Wisconsin but it will help by providing a tool to help uninsured individuals and their employers move closer to purchasing health care benefits.



# *Wisconsin Association of Health Plans*

February 9, 2006

**TO:** Members of the Assembly Insurance Committee  
Representative Ann Nischke – Chair

**FROM:** Paul Merline  
Legislative/Agency Liaison

**RE:** AB 812 / SB 420, relating to the definition of a group health benefit plan

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The Wisconsin Association of Health Plans acknowledges the intent of Assembly Bill (AB) 812 and its companion Senate Bill (SB) 420, which redefine a group health benefit plan in Wisconsin to give very small employers another health benefit option. We are uncertain, however, that the legislation may have unintended consequences for individual consumers and the commercial insurance market. In response, we support an amendment that seeks to monitor the impact of this legislation.

Some important facts are already clear. Since 2000, the commercial insurance market has declined 32%. All other segments – self-insured, publicly insured and uninsured – have grown. Additionally, 2005 marks the first year that the publicly insured population (including Medicare, Medicaid and HIRSP) is larger than the commercially insured population. The publicly insured make up 29.5% of the market vs. 27.5% for the commercially insured population.

While it is possible that this legislation will reduce the employed uninsured among small business, it is also possible that employers will drop their group coverage and their high-risk employees previously covered under group coverage might be unable to get individual coverage due to their health status. They could be forced into the Health Insurance Risk Sharing Plan, driving the cost of the program higher and increasing the cost shifting that flows to the commercial insurance market. There is also concern that the Medicaid and uninsured populations could grow as a result of the proposal.

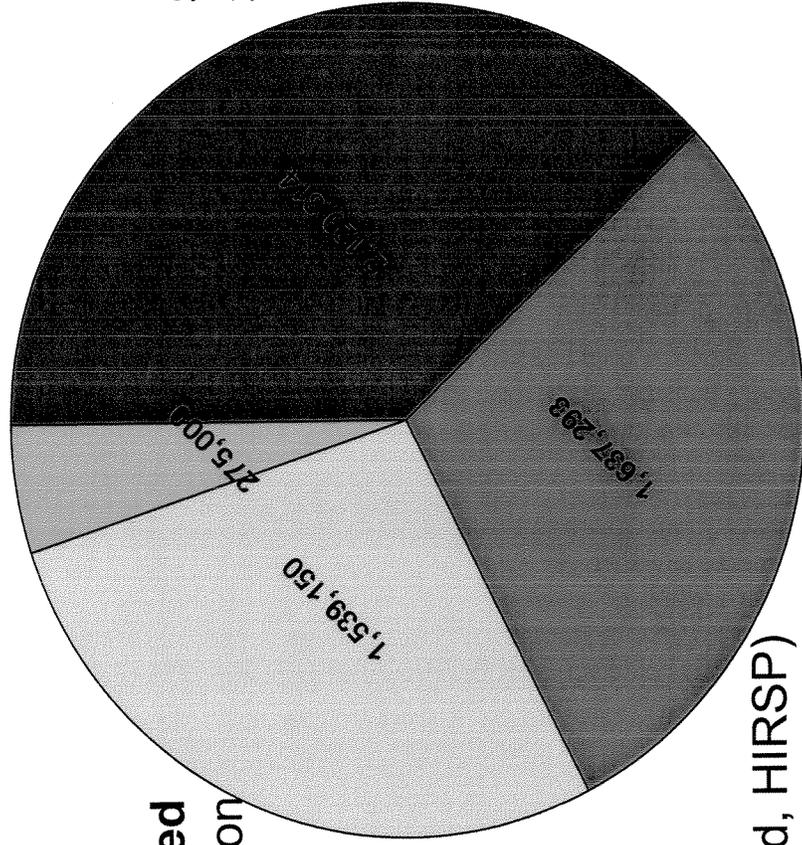
This amendment requires the Office of the Commissioner of Insurance to assess the impact of the bill by measuring changes in the uninsured, Medicaid, small group insured, individual insured and HIRSP.

Further, this amendment is an opportunity for Wisconsin to be a knowledge-leader in tracking actual market implications of insurance reform legislation. The resulting valuable information would help guide the Legislature in future health insurance policy decisions.

Thank you for your consideration.

## The Wisconsin Health Care Market\*

**Uninsured (all year)**  
5% of the population



**Commercially insured**  
27.5% of the population

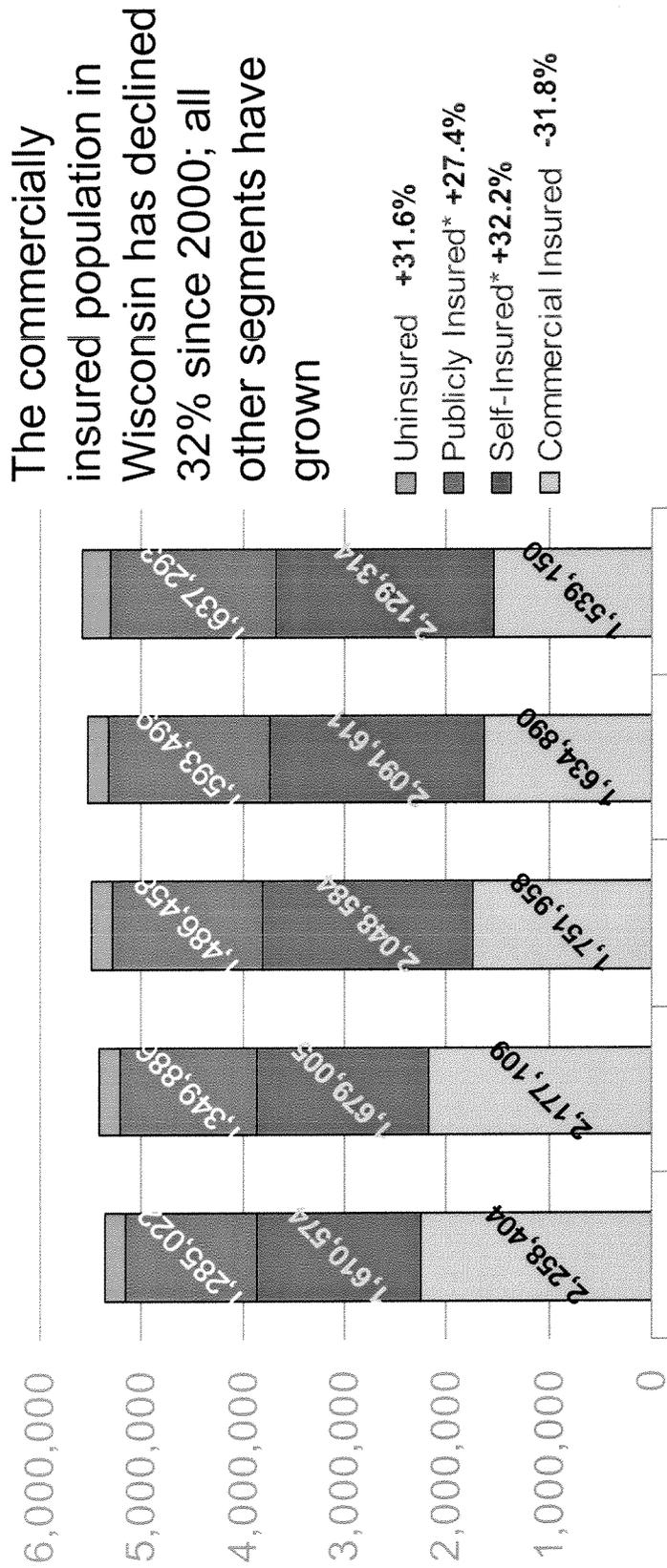
**Self-funded plans\*\***  
38% of the population

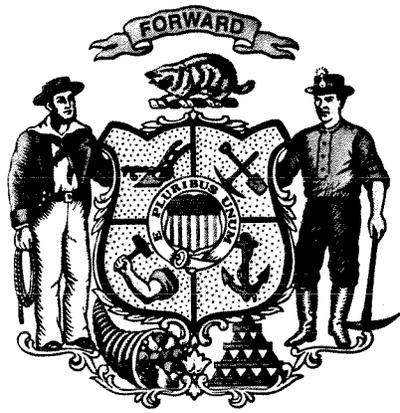
**Publicly insured**  
(Medicare, Medicaid, HIRSP)  
29.5% of the population

\*2004 Figures

# The Changing Health Care Market

## WISCONSIN HEALTH CARE MARKET







**Assembly Committee on Insurance  
February 9, 2006**

**Assembly Bill 812**

The members of the Wisconsin Association of Health Underwriters (WAHU) and National Association of Health Underwriters (NAHU) are comprised of insurance professionals involved in the sale and service of health benefits, long-term care benefits, and other related products, serving the insurance needs of over 100 million Americans. We have almost 18,000 members around the country and nearly 600 members here in Wisconsin. Our membership is primarily made up of insurance agents that work directly for and with the consumers of health care. Since our number one concern is our customers, we consider ourselves to be consumer advocates and look at how any legislation or regulation will affect these customers.

Opening up Access to health care coverage is a key component in reducing the number of uninsured. Many small employers do not offer group insurance to their employees, as they simply cannot afford to contribute to the premium. In addition, most employers have seasonal or part time employees who are not eligible for the employer's group insurance plan.

Assembly Bill 812, otherwise known as "List Bill" would allow a small employer to use payroll deduction to pay for health insurance premiums for an employee who has purchased an individual health insurance policy. The small employer may not pay for or contribute to any part of the premium because the employee is the owner of the policy. The employer merely facilitates the payment. Currently, **about 30 states** allow List Bill including Illinois, Iowa, Indiana, Michigan and Ohio.

■ **List Bill provides a convenient payment method for employees.** Instead of an employee writing and mailing a check each month for his or her health care premium it is automatically taken care of by the employer.

■ **The employee owns their own plan so if they decide to change employers, they save themselves the hassle of changing coverage or worrying when COBRA will run out.** This is especially important if an employee is part time, temporary or seasonally employed.

■ **If an employer cannot pay for small group health coverage, they will likely never qualify for small employer group status.** The current policy of prohibiting list billing is hurting both small employers and their employees because employers who cannot afford to pay for small group coverage are prohibited from any participation in helping their employees acquire health insurance. The current policy requires that small employers must either provide group coverage or nothing.

**LIST BILL WILL NOT UNDERMINE THE SMALL GROUP MARKET**

While there are very few opponents of List Bill, the only argument they raise is that it will destroy or erode the small group market. Logic and experience contradict that argument, as there has been no erosion of the market in the 30 States that currently allow List Bill.