



**SENATE SUBSTITUTE AMENDMENT 1,
TO 2007 SENATE BILL 226**

October 29, 2007 – Offered by Senator BRESKE.

1 **AN ACT** *to repeal* 149.14 (2) (c) 2., 149.165 (2) (bc) and 149.165 (4); *to renumber*
2 149.14 (2) (c) 1.; *to renumber and amend* 149.12 (2) (e) and 149.165 (2) (a);
3 **to amend** 20.435 (4) (jz), 20.435 (4) (jz), 149.14 (3) (intro.), 149.14 (5) (a),
4 149.142 (1) and 149.165 (3m); and *to create* 149.12 (2) (e) 2. and 149.14 (3c) of
5 the statutes; **relating to:** changes to the Health Insurance Risk-Sharing Plan.

Analysis by the Legislative Reference Bureau

Under current law, the Health Insurance Risk-Sharing Plan (HIRSP) Authority administers HIRSP, which provides 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, and persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage (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.

This substitute amendment makes the following changes to HIRSP and the HIRSP Authority:

1. Currently, to receive payment under HIRSP, all providers of services and articles must be certified to provide those services and articles under the Medical Assistance (MA) program. The substitute amendment makes an exception from this requirement for prescription drugs that are provided by a network of pharmacies that are approved by the HIRSP Authority Board of Directors. In addition, the substitute amendment authorizes the HIRSP Authority to certify providers on a temporary basis to provide services or articles to HIRSP enrollees. These providers would not be certified to provide services and articles under MA; they would have to be licensed to provide the services or articles that they are providing to HIRSP enrollees but not necessarily licensed in this state; and the certification could be done retroactively after the services or articles were provided.

2. Currently, payments to providers must consist of the allowable charges for services and articles under MA with an enhancement determined by the HIRSP Authority. The adjustments must take into account provider discounts. The substitute amendment requires payments to providers to consist of usual and customary payment rates, determined by the HIRSP Authority, with adjustments that take into account provider discounts.

3. Under current law, HIRSP enrollees with incomes below a specified level who are covered under certain HIRSP coverage options are eligible for premium and deductible subsidies. The substitute amendment makes all persons with coverage under HIRSP with incomes below that specified level eligible for the premium and deductible subsidies.

4. For HIRSP enrollees who receive premium subsidies, current law describes the amount of the reduction in an enrollee's premium in terms of requiring an enrollee's regular HIRSP premium to be reduced to a specified percentage of the rate that a standard risk would be charged under an individual policy providing substantially the same coverage and deductibles as HIRSP. The substitute amendment changes the way the premium reduction is described by establishing discounts, so that an enrollee's regular premium is reduced by a specified percentage of the premium, such as 30 percent or 20 percent.

5. Under current law, with certain exceptions, anyone who is eligible for certain types of health care coverage provided by an employer is ineligible for coverage under HIRSP. The substitute amendment authorizes the HIRSP Authority Board to specify other exceptions, subject to the approval of the Commissioner of Insurance.

6. Under current law, as enacted by the budget bill, 2007 Wisconsin Act 20, the amount of any premium subsidy that would have been paid under HIRSP on behalf of an enrollee who terminates coverage under HIRSP and obtains coverage under an MA demonstration project providing health care benefits for low-income childless adults must be transferred to the department of health and family services (DHFS) for use for that demonstration project. The bill removes the requirement that any moneys be transferred from HIRSP to DHFS for the MA demonstration project.

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

1 **SECTION 1.** 20.435 (4) (jz) of the statutes, as affected by 2007 Wisconsin Act 20,
2 section 392w, is amended to read:

3 20.435 (4) (jz) *Badger Care cost sharing, and employer penalty assessments,*
4 *and premium subsidies.* All moneys received from payments under s. 49.665 (5), ~~all~~
5 ~~moneys transferred under s. 149.165 (4),~~ and all moneys received from penalty
6 assessments under s. 49.665 (7) (b) 2. to be used for the Badger Care health care
7 program under s. 49.665 ~~and for the demonstration project under s. 49.45 (23).~~

8 **SECTION 2.** 20.435 (4) (jz) of the statutes, as affected by 2007 Wisconsin Acts
9 20 and (this act), is amended to read:

10 20.435 (4) (jz) *Medical Assistance and Badger Care cost sharing and employer*
11 *penalty assessments.* All moneys received ~~from~~ in cost sharing from medical
12 assistance recipients, including payments under s. 49.665 (5) ~~and,~~ all moneys
13 received from penalty assessments under s. 49.665 (7) (b) 2., and 90 percent of all
14 moneys received from penalty assessments under s. 49.471 (9) (c) to be used for the
15 Badger Care health care program under s. 49.665 and for the Medical Assistance
16 program under subch. IV of ch. 49.

17 **SECTION 3.** 149.12 (2) (e) of the statutes is renumbered 149.12 (2) (e) 1. and
18 amended to read:

19 149.12 (2) (e) 1. ~~No~~ Subject to subd. 2., no person who is eligible for creditable
20 coverage, other than those benefits specified in s. 632.745 (11) (b) 1. to 12., that is
21 provided by an employer on a self-insured basis or through health insurance is
22 eligible for coverage under the plan.

23 **SECTION 4.** 149.12 (2) (e) 2. of the statutes is created to read:

1 149.12 (2) (e) 2. The board may specify, subject to the approval of the
2 commissioner, other types of coverage provided by an employer that do not render
3 a person ineligible for coverage under the plan.

4 **SECTION 5.** 149.14 (2) (c) 1. of the statutes is renumbered 149.14 (2) (c).

5 **SECTION 6.** 149.14 (2) (c) 2. of the statutes is repealed.

6 **SECTION 7.** 149.14 (3) (intro.) of the statutes is amended to read:

7 149.14 (3) COVERED EXPENSES. (intro.) Covered expenses for coverage under the
8 plan shall be the payment rates established by the authority for services provided
9 by persons licensed under ch. 446 and certified under s. 49.45 (2) (a) 11. Covered
10 expenses for coverage under the plan shall also be the payment rates established by
11 the authority for, at a minimum, the following services and articles if the service or
12 article is prescribed by a physician who is licensed under ch. 448 or in another state
13 and who is certified under s. 49.45 (2) (a) 11. and if the service or article, except for
14 prescription drugs that are provided by a network of pharmacies approved by the
15 board, is provided by a provider certified under s. 49.45 (2) (a) 11.:

16 **SECTION 8.** 149.14 (3c) of the statutes is created to read:

17 149.14 (3c) TEMPORARY PROVIDER CERTIFICATION. Notwithstanding the provider
18 licensing and certification requirements under sub. (3) (intro.), for coverage of
19 services or articles provided to an eligible person the authority may certify on a
20 temporary basis a provider that is not licensed under ch. 446 or 448 but that is
21 licensed in another state to provide the service or article, or a provider that is not
22 certified under s. 49.45 (2) (a) 11. The certification under this subsection may be
23 retroactive.

24 **SECTION 9.** 149.14 (5) (a) of the statutes is amended to read:

1 149.14 (5) (a) The authority shall establish and provide subsidies for
2 deductibles paid by eligible persons with coverage under ~~s. 149.14 (2) (a) and~~
3 household incomes specified in s. 149.165 (2) (a) ~~1. to 5 to (e).~~

4 **SECTION 10.** 149.142 (1) of the statutes is amended to read:

5 149.142 (1) ESTABLISHMENT OF RATES. The authority shall establish provider
6 payment rates for covered expenses that consist of the ~~allowable charges paid under~~
7 ~~s. 49.46 (2) usual and customary payment rates, as determined by the authority, for~~
8 the services and articles provided plus an ~~enhancement~~ adjustment determined by
9 the authority. ~~The rates shall be based on the allowable charges paid under s. 49.46~~
10 ~~(2), projected plan costs, and trend factors. Using the same methodology that applies~~
11 ~~to medical assistance under subch. IV of ch. 49, the authority shall establish hospital~~
12 ~~outpatient per visit reimbursement rates and hospital inpatient reimbursement~~
13 ~~rates that are specific to diagnostically related groups of eligible persons. The~~
14 adjustments to the usual and customary rates shall be sufficient to cover the portion
15 of plan costs specified in s. 149.143 (1) (c) and (2) (b).

16 **SECTION 11.** 149.165 (2) (a) of the statutes is renumbered 149.165 (2) and
17 amended to read:

18 149.165 (2) Subject to sub. (3m), if the household income, as defined in s. 71.52
19 (5) and as determined under sub. (3), of an eligible person ~~with coverage under s.~~
20 ~~149.14 (2) (a)~~ is equal to or greater than the first amount and less than the 2nd
21 amount listed in any of the following, the authority shall reduce the premium for the
22 eligible person ~~to the rate~~ by the percentage of the premium shown after the
23 amounts:

24 (a) If equal to or greater than \$0 and less than \$10,000, ~~to 100% of the rate that~~
25 ~~a standard risk would be charged under an individual policy providing substantially~~

1 ~~the same coverage and deductibles as provided under s. 149.14 (2) (a) and (5) (a) by~~
2 ~~at least 30 percent.~~

3 (b) If equal to or greater than \$10,000 and less than \$14,000, ~~to 106.5% of the~~
4 ~~rate that a standard risk would be charged under an individual policy providing~~
5 ~~substantially the same coverage and deductibles as provided under s. 149.14 (2) (a)~~
6 ~~and (5) (a) by at least 25 percent.~~

7 (c) If equal to or greater than \$14,000 and less than \$17,000, ~~to 115.5% of the~~
8 ~~rate that a standard risk would be charged under an individual policy providing~~
9 ~~substantially the same coverage and deductibles as provided under s. 149.14 (2) (a)~~
10 ~~and (5) (a) by at least 20 percent.~~

11 (d) If equal to or greater than \$17,000 and less than \$20,000, ~~to 124.5% of the~~
12 ~~rate that a standard risk would be charged under an individual policy providing~~
13 ~~substantially the same coverage and deductibles as provided under s. 149.14 (2) (a)~~
14 ~~and (5) (a) by at least 15 percent.~~

15 (e) If equal to or greater than \$20,000 and less than \$25,000, ~~to 130% of the rate~~
16 ~~that a standard risk would be charged under an individual policy providing~~
17 ~~substantially the same coverage and deductibles as provided under s. 149.14 (2) (a)~~
18 ~~and (5) (a) by at least 10 percent.~~

19 **SECTION 12.** 149.165 (2) (bc) of the statutes is repealed.

20 **SECTION 13.** 149.165 (3m) of the statutes is amended to read:

21 149.165 (3m) The authority may approve adjustment of the household income
22 dollar amounts listed in sub. (2) (a) ~~1. to 5. to (e)~~, except for the first dollar amount
23 listed in sub. (2) (a) ~~1.~~, to reflect changes in the consumer price index for all urban
24 consumers, U.S. city average, as determined by the U.S. department of labor.

