

## 2007 DRAFTING REQUEST

### Bill

Received: **04/25/2007**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **John Nygren (608) 266-2343**

By/Representing: **Jacque Dicks**

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

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Nygren@legis.wisconsin.gov**

Carbon copy (CC:) to:

---

### Pre Topic:

No specific pre topic given

---

### Topic:

Require HIRSP to offer Health Savings Accounts

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### Instructions:

See Attached

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### 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 05/03/2007	jdyer 05/07/2007		_____			
/P1			jfrantze 05/07/2007	_____	lparisi 05/07/2007		
/1	pkahler 05/11/2007	jdyer 05/11/2007	nmatzke 05/11/2007	_____	cduerst 05/11/2007 mbarman 05/18/2007	mbarman 05/18/2007 sbasford 06/04/2007	

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~~\_\_\_\_\_~~  
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e-mail only

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/P1			jfrantze 05/07/2007	_____	lparisi 05/07/2007		
/1	pkahler 05/11/2007	jdye 05/11/2007	nmatzke 05/11/2007	_____	cduerst 05/11/2007		

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/P1		<i>1 5/11 jld</i>	jfrantze 05/07/2007	_____	lparisi 05/07/2007		
			nwn 5/11	nwn 5/11			

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/?	pkahler	PI 5/7 JLD		J Self 6/3/07			

FE Sent For:

<END>



STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

4-24

for  
Hyman

Jacque Decks by  
phone

request HIRSP to offer HSA's



State of Wisconsin  
2007 - 2008 LEGISLATURE

2576/PI  
LRB-2398/PI  
PJK/jld/pg  
keep

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D-note  
SOON  
(in 5-4)

Regen

1 AN ACT *to amend* 149.12 (3) (a), 149.14 (1) (a), 149.14 (2) (a) and 149.14 (2) (c)  
2 1.; and *to create* 149.12 (3) (br) and 149.14 (2) (d) of the statutes; **relating to:**  
3 providing a health savings account option under the Health Insurance  
4 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 (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 (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.

HIRSP provides coverage in individual policies and, because HIRSP does not pay for services that are covered under Medicare, offers different coverage for persons who are eligible for Medicare from the coverage offered for persons who are not eligible for Medicare. Under current law, HIRSP is required to offer at least two different coverage options for persons who are not eligible for Medicare.

This bill requires HIRSP to offer to eligible persons who are not eligible for Medicare an additional option of coverage under a high deductible health plan, as

that term is defined under federal law, in conjunction with a health savings account. Under federal law, a high deductible health plan providing individual coverage is one that has an annual deductible of not less than \$1,000 and under which the total amount of the annual deductible and other out-of-pocket expenses, excluding the premium, does not exceed \$5,000. A health savings account allows an individual to make tax-deductible contributions to the account of up to \$2,250 (or higher if the individual is 55 years of age or older) or the amount of the deductible under the high deductible health plan, whichever is less, and withdraw the money from the account tax-free to pay for routine and preventive medical care.

---

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

1           **SECTION 1.** 149.12 (3) (a) of the statutes is amended to read:

2           149.12 (3) (a) Except as provided in pars. (b) ~~and~~, (bm), and (br), no person is  
3 eligible for coverage under the plan for whom a premium, deductible, or coinsurance  
4 amount is paid or reimbursed by a federal, state, county, or municipal government  
5 or agency as of the first day of any term for which a premium amount is paid or  
6 reimbursed and as of the day after the last day of any term during which a deductible  
7 or coinsurance amount is paid or reimbursed.

8           **SECTION 2.** 149.12 (3) (br) of the statutes is created to read:

9           149.12 (3) (br) Persons receiving a federal tax deduction for amounts paid to  
10 a health savings account under 26 USC 223 are not ineligible for coverage under the  
11 plan by reason of such a tax deduction.

12           **SECTION 3.** 149.14 (1) (a) of the statutes is amended to read:

13           149.14 (1) (a) ~~The Subject to sub. (2) (d), the~~ plan shall offer coverage for each  
14 eligible person in an annually renewable policy. If an eligible person is also eligible  
15 for Medicare coverage, the plan shall not pay or reimburse any person for expenses  
16 paid for by Medicare. If an eligible person is eligible for a type of medical assistance

1 specified in s. 149.12 (2) (f) 2., the plan shall not pay or reimburse the person for  
2 expenses paid for by Medical Assistance.

3 SECTION 4. 149.14 (2) (a) of the statutes is amended to read:

4 149.14 (2) (a) The Subject to pars. (c) and (d), the plan shall provide every  
5 eligible person who is not eligible for Medicare with major medical expense coverage.  
6 Major medical expense coverage offered under the plan under this section shall pay  
7 an eligible person's covered expenses, subject to deductible, copayment, and  
8 coinsurance payments, up to a lifetime limit of \$1,000,000 per covered individual.

9 SECTION 5. 149.14 (2) (c) 1. of the statutes is amended to read:

10 149.14 (2) (c) 1. In addition to the ~~coverage~~ coverages under pars. (a) and ~~(b)~~  
11 ~~(d)~~, the plan shall offer to all eligible persons who are not eligible for Medicare a  
12 choice of coverage, as described in section 2744 (a) (1) (C), P.L. 104-191. Any such  
13 choice of coverage shall be major medical expense coverage.

14 ~~(e) An eligible person who is not eligible for Medicare may elect once each year,~~  
15 ~~at the time and according to procedures established by the authority, among the~~  
16 ~~coverages offered under this paragraph and par. pars. (a), (c), and (d). If an eligible~~  
17 ~~person elects new coverage, any preexisting condition exclusion imposed under the~~  
18 ~~new coverage is met to the extent that the eligible person has been previously and~~  
19 ~~continuously covered under the plan. No preexisting condition exclusion may be~~  
20 ~~imposed on an eligible person who elects new coverage if the person was an eligible~~  
21 ~~individual when first covered under the plan and the person remained continuously~~  
22 ~~covered under the plan up to the time of electing the new coverage.~~

23 SECTION 6. 149.14 (2) (d) of the statutes is created to read:

24 149.14 (2) (d) 1. In addition to the coverages under pars. (a) and (c), to the extent  
25 allowable under and consistent with federal law, the plan shall offer to eligible

Insert 3-22 ✓

1 persons who are not eligible for Medicare a high deductible health plan, as defined  
2 in 26 USC 223 (c) (2), in conjunction with a health savings account option.

3 2. Premium reductions under s. 149.165 and deductible subsidies and  
4 prescription drug copayment subsidies under s. 149.14 (5) do not apply to the  
5 coverage offered under this paragraph.

6 (END)

*D-note*

2007-2008 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-2576/ins  
PI  
PSK

INSERT 3-22

1 SECTION 1. 149.14 (2) (c) 1. of the statutes is amended to read:

2 149.14 (2) (c) 1. In Subject to par. (d), in addition to the coverage under pars.  
3 par. (a) and (b), the plan shall offer to all eligible persons who are not eligible for  
4 Medicare a choice of coverage, as described in section 2744 (a) (1) (C), P.L. 104-191.  
5 Any such choice of coverage shall be major medical expense coverage.

6 (e) An eligible person who is not eligible for Medicare may elect once each year,  
7 at the time and according to procedures established by the authority, among the  
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11 continuously covered under the plan. No preexisting condition exclusion may be  
12 imposed on an eligible person who elects new coverage if the person was an eligible  
13 individual when first covered under the plan and the person remained continuously  
14 covered under the plan up to the time of electing the new coverage.

**History:** 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 117, 146; 1983 a. 27; 1985 a. 29 s. 3202 (30); 1985 a. 332 s. 253; 1987 a. 27, 239; 1989 a. 332; 1991 a. 39, 269; 1995 a. 463; 1997 a. 27 ss. 3026c, 4847 to 4859; Stats. 1997 s. 149.14; 1997 a. 237; 1999 a. 9, 165; 2001 a. 16; 2003 a. 33; 2005 a. 74, ss. 93 to 122, 130, 131.

(END OF INSERT 3-22)

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

date

LRB-2576/2dn

PJK:.....

In this version of the bill, I have provided that the deductible and copay subsidies and premium reductions do not apply to persons who choose the health savings account option. Is this what you want? In current law, the subsidies and reductions apply only to the coverage offered under s. 149.14 (2) (a) and not to the "choice of coverage" offered under s. 149.14 (2) (c). The budget bill, however, removes this difference so that the subsidies and reductions apply to all plan options. It is your decision whether you want the subsidies and reductions to apply if someone takes the health savings account option. I do not know if subsidizing part of the deductible would have any effect on the tax deductibility of what an individual withdraws from an HSA, or if subsidizing a deductible might be considered to reduce the deductible below the level required under federal law for a high deductible plan. DOR might have an idea, since HSAs are created under the IRC.

The only other questions I have relate to coverage of "eligible individuals," who were included in HIRSP because of HIPAA requirements. Will adding a health savings account option make HIRSP ineligible to be the plan under which those individuals are covered? Can those individuals choose the health savings account option, or must they be excluded, as are individuals who are eligible for Medicare? OCI might have that information.

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

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

LRB-2576/P1dn  
PJK:jld:jf

May 7, 2007

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Phone: (608) 266-2682  
E-mail: [pam.kahler@legis.wisconsin.gov](mailto:pam.kahler@legis.wisconsin.gov)





State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-2576/P1  
PJK:jld:jf

*r m is m*

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*today*

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5 coverage offered under this paragraph.

6 (END)

**Basford, Sarah**

---

**From:** Dicks, Jacqu  
**Sent:** Monday, June 04, 2007 2:29 PM  
**To:** LRB.Legal  
**Subject:** Message from LRB website

**Importance:** High

Please send us the bill jacket for LRB-2576/1: relating to providing a health savings account option under the Health Insurance Risk-Sharing Plan.

Thank you.

***Jacque Dicks***

*Legislative Assistant  
Office of Representative John Nygren  
P.O. Box 8953  
Madison, WI 53708-8953  
Office: (608) 266-2343  
Toll-Free: (888) 534-0089  
Fax: (608) 282-3689*