

## 2007 DRAFTING REQUEST

### Bill

Received: 04/09/2007

Received By: pkahler

Wanted: As time permits

Identical to LRB:

For: Sheila Harsdorf (608) 266-7745

By/Representing: Matt Wuebke

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: Sen.Harsdorf@legis.wisconsin.gov

Carbon copy (CC:) to:

---

### Pre Topic:

No specific pre topic given

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### Topic:

Require HIRSP to provide health savings account option

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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 04/16/2007	jdye 05/03/2007		_____			
/P1	pkahler 05/11/2007	jdye 05/11/2007	pgreensl 05/03/2007	_____	cduerst 05/03/2007		
/1			nmatzke 05/11/2007	_____	cduerst 05/11/2007	cduerst 05/14/2007	

FE Sent For:

20  
into

<END>

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/P1		<i>15/11</i> jld	pgreensl 05/03/2007	_____	cduerst 05/03/2007		

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*nwm 5/11* *nwm 5/11*

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/?	pkahler	P1 5/2 jld	7/3 P8	5/3 P8 1/15			

<END>

require authority to  
provide health savings account  
option

provided subsidies?

only for persons not eligible for medicare?

any conflict w/ fed law? (HIPAA or hsa)



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-2398/PI

PJK: A...

Thurs.

Jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SOON  
(in "SOON" on 4-26)

D-vote  
(in 4-16)

you cut

- 1 AN ACT **relating to:** providing a health savings account option under the
- 2 Health Insurance Risk-Sharing Plan.

HIRSP

**Analysis by the Legislative Reference Bureau**

Under current law, the Health Insurance Risk-Sharing Plan Authority (HIRSP Authority) administers the Health Insurance Risk-Sharing Plan (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

keep \*



that has an annual deductible of not less than \$1,000<sup>✓</sup> and under which the <sup>total</sup> amount of the annual deductible and other<sup>✓</sup> out-of-pocket expenses, excluding the premium, does not exceed \$5,000.<sup>✓</sup> A health savings account allows an individual to make tax-deductible contributions to <sup>the</sup> an account of up to \$2,250<sup>✓</sup> (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.<sup>✓</sup>

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

1           **SECTION 1.** 149.12 (3) (a) <sup>✓</sup> of the statutes is amended to read:

2           149.12 (3) (a) Except as provided in pars. (b) ~~and~~, (bm), and (br)<sup>✓</sup>, 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.

History: 1979 c. 313; 1983 a. 27, 215; 1985 a. 29, 73; 1987 a. 27, 70, <sup>✓</sup>39; 1989 a. 201 s. 36; 1989 a. 332, 359; 1991 a. 39, 250; 1993 a. 27; 1995 a. 27, 407; 1997 a. 27 ss. 3025f, 4826 to 4831e; Stats. 1997 s. 149.12; 1999 a. 9; 2005 a. 74.

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.<sup>✓</sup>

12           **SECTION 3.** 149.14 (1) (a) <sup>✓</sup> of the statutes is amended to read:

13           149.14 (1) (a) The Subject to sub. (2) (d)<sup>✓</sup>, 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.

**History:** 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 17, 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.

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.

**History:** 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 17, 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.

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.

**History:** 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 17, 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.

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



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

LRB-2398/dn

PJK:.....

date

Jld

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. It's up to you whether you want the subsidies and reductions to apply if someone takes the health savings account option. Maybe there is no reason for them not to apply.

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, and I can do some checking, too.

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-2398/P1dn  
PJK:jld:pg

May 3, 2007

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



State of Wisconsin  
2007 - 2008 LEGISLATURE

2398/1  
LRB-2576/1  
PJK/dj/f  
stays  
r must run

2007 BILL

today - LPS:  
(make LRB-2398/1  
the same as  
LRB-2576/1)

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.

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**BILL**

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.

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5 or agency as of the first day of any term for which a premium amount is paid or  
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13 Any such 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,  
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16 coverages offered under ~~this paragraph and par. pars. (a), (c), and (d).~~ If an eligible  
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19 continuously covered under the plan. No preexisting condition exclusion may be  
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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



**BILL**

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)

**Duerst, Christina**

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**From:** Wuebke, Matt  
**Sent:** Monday, May 14, 2007 8:52 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB 07-2398/1 Topic: Require HIRSP to provide health savings account option

Please Jacket LRB 07-2398/1 for the SENATE.