

**2007 DRAFTING REQUEST**

**Bill**

Received: **12/04/2006**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Jablonsky**

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

Drafter: **pkahler**

May Contact:

Addl. Drafters: **rchampag**

Subject: **Insurance - health  
Health - miscellaneous**

Extra Copies: **RLR**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **agoldman@hirsp.org**

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**Pre Topic:**

DOA:.....Jablonsky, BB0208 -

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**Topic:**

HIRSP Authority changes

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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 12/12/2006	jdyer 12/12/2006		_____			State
/1			jfrantze 12/12/2006	_____	sbasford 12/12/2006		State
/2	pkahler 12/21/2006	jdyer 01/02/2007	nnatzke 01/02/2007	_____	mbarman 01/02/2007		State
/3	pkahler	jdyer	sherritz	_____	sbasford		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	01/30/2007	01/30/2007	01/30/2007	_____	01/30/2007		

FE Sent For:

**<END>**

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/?	pkahler 12/12/2006	jdye 12/12/2006					State
/1			jfrantze 12/12/2006		sbasford 12/12/2006		State
/2	pkahler 12/21/2006	jdye 01/02/2007	nmatzke 01/02/2007		mbarman 01/02/2007		

3 1/30 jd sh 1/30 sh/jf 1/30

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/?	pkahler 12/12/2006	jdyer 12/12/2006		_____			State
/1		1/2 1/2 jld	jfrantze 12/12/2006	_____	sbasford 12/12/2006		
FE Sent For:			nwn 1/2	nwn/sb 1/2			<END>

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/?	pkahler	1 12/12 12/12	J	J PV 12/12			

FE Sent For:

<END>

## 2007-09 Budget Bill Statutory Language Drafting Request

- Topic: HIRSP
- Tracking Code: BB0208
- SBO team: Health and Insurance
- SBO analyst: Susan Jablonsky
  - Phone: 267-9546
  - sue.jablonsky@Wisconsin.gov
  - Email:
- Agency acronym: HIRSP Authority
- Agency number:

I would like to make changes to HIRSP language as outlined in the attached memo from Amie Goldman.

Priority: High

**Insert AnalysisRAC:**

The bill provides that the HIRSP Authority is to be treated as a state agency for all purposes under the Wisconsin Retirement System, including the purpose of providing fringe benefits, such as participation in the pension plan and health insurance coverage, to its employees.

The bill requires the Investment Board, if requested by the HIRSP Authority, to invest funds of the HIRSP Authority in the state investment fund. The bill further permits the HIRSP Authority to participate in the local government pooled-investment fund.

**Insert \_\_\_\_\_:**

**SECTION 1.** 25.14 (1) (a) (intro.) of the statutes is amended to read:

25.14 (1) (a) (intro.) There is created a state investment fund under the jurisdiction and management of the board to be operated as an investment trust for the purpose of managing the securities of all funds that are required by law to be invested in the state investment fund and all of the state's funds consisting of the funds specified in s. 25.17 (1), except all of the following:

History: 1973 c. 137; 1977 c. 418; 1979 c. 102; 1983 a. 27, 192; 1985 a. 29; 1987 a. 27; 1989 a. 31, 187; 1993 a. 16; 1995 a. 27, 403; 1999 a. 83; 2001 a. 7, 16, 104; 2003 a. 33, 111; 2005 a. 153, 478.

**SECTION 2.** 25.17 (63) of the statutes is created to read:

25.17 (63) If requested by the Health Insurance Risk-Sharing Plan Authority, invest funds of the Health Insurance Risk-Sharing Plan Authority in the state investment fund.

**SECTION 3.** 25.50 (1) (d) of the statutes is amended to read:

25.50 (1) (d) "Local government" means any county, town, village, city, power district, sewerage district, drainage district, town sanitary district, public inland lake protection and rehabilitation district, local professional baseball park district created under subch. III of ch. 229, family care district under s. 46.2895, local professional football stadium district created under subch. IV of ch. 229, local



cultural arts district created under subch. V of ch. 229, public library system, school district or technical college district in this state, any commission, committee, board or officer of any governmental subdivision of this state, any court of this state, other than the court of appeals or the supreme court, or any authority created under s. 114.61, 149.41, 231.02, 233.02 or 234.02.

**History:** 1975 c. 164; 1977 c. 29, 187; 1979 c. 34 s. 2102 (46) (a); 1979 c. 175 s. 53; 1981 c. 20, 93; 1983 a. 27 s. 2202 (45), (49); 1985 a. 29 s. 3202 (46); 1987 a. 27; 1989 a. 31, 159, 336; 1991 a. 33, 39; 1993 a. 16, 399; 1995 a. 27, 56, 274; 1999 a. 9, 65, 83, 167; 2001 a. 38; 2005 a. 25, 335.

**SECTION 4.** 40.02 (54) (j) of the statutes is created to read:

**Insert \_\_\_\_\_:**

40.02 (54) (j) The Health Insurance Risk-Sharing Plan Authority.

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

LRB-1006/1dnRC

RAC:.....

This draft allows the HIRSP Authority to participate in the local government pooled-investment fund and requires SWIB, if requested by the authority, to invest authority funds in the state investment fund. Please note that the local government pooled-investment fund is an account within the state investment fund, so it is unclear why both options are needed. See, s. 25.50 (2), Stats. Allowing the authority to participate in the local government pooled-investment fund will give the authority access to the state investment fund. Please advise.

Rick A. Champagne

Senior Legislative Attorney

Phone: (608) 266-9930

E-mail: [rick.champagne@legis.wisconsin.gov](mailto:rick.champagne@legis.wisconsin.gov)

# HIRSP

AUTHORITY

November 14, 2006

NOV 15 2006

Jim Johnston  
Department of Administration  
Division of Executive Budget and Finance  
101 W. Wilson Street, 10<sup>th</sup> Floor  
Madison, WI 53702

Dear Jim:

As we discussed, there are a number of areas where the Health Insurance Risk Sharing Plan (HIRSP) Authority and its Board of Directors would like to have additional flexibility and authority under the Wisconsin Statutes in order to achieve our mission.

At your request, I'm providing a brief summary of each area and our related objective. This information is provided below.

### Investments

*Background:* Prior to enactment of 2005 Wisconsin Act 74, the State of Wisconsin Investment Board (SWIB) was responsible for investing the cash assets of HIRSP. Act 74 removed the authority of SWIB to invest on behalf of HIRSP.

Section 149.11(2)6.b. of the Statutes can be read that all of the plan's assets must be deposited in a bank account. There is no explicit authority provided in Chapter 149 for the Board to invest the plan's assets. Currently, the cash assets of HIRSP reside in an interest earning account at US Bank.

*Goal:* Clarify the statutes to provide the Board of Directors with the Authority to invest the plan's assets and restore the ability of SWIB to invest HIRSP assets on behalf of the Authority. Ideally, the Authority's Board of Directors would be granted the Authority to determine on an annual basis whether to invest through the State Investment Fund (SIF), which requires an exclusive relationship with SWIB, or the Local Government Investment Pool (LGIP), which would allow the Board to invest using SWIB and other investment vehicles.

## **OCI Appropriations**

*Background:* Section 36 of Act 74 creates two OCI appropriations the s.20.145(5)(g) Insurer assessments appropriation and the s.20.145 (5)(m) Federal grants for high risk pool appropriation. The Act also requires that all insurer assessments received under Chapter 149 be paid to the Authority and all federal funds received in high risk pool grants be paid to the Authority be deposited in the newly created appropriations.

The fiscal year 2007 assessments were collected by WPS on the Authority's behalf and were deposited directly into our US Bank account. The federal high risk pool grant funds awarded to the Authority in September 2006 will be deposited into the OCI appropriation and will be immediately transferred to the Authority.

*Goal:* Amend the statutes so that insurer assessments authorized under Chapter 149 and federal high risk pool grant funds can be paid directly to the Authority. Delete s. 20.145(5)(g) and s.20.145(5)(m) of the statutes.

The Centers for Medicare and Medicaid Services (CMS), the federal agency that administers the high risk pool grant program has been consulted and would be able to pay the grant directly to the Authority. OCI has also been consulted and supports this change. Both OCI and the Authority view the current appropriation structure as inefficient.

## **Medicaid Certified Providers**

*Background:* Chapter 149 of the statutes limits payment under to HIRSP to services or articles provided by a Wisconsin Medicaid certified provider.

Currently, WPS is the HIRSP plan administrator and Navitus is the pharmacy benefit manager. Under previous direction from DHFS, WPS and Navitus implemented a specialty pharmacy mail order program for select HIRSP policyholders using high-cost prescription drugs such as those for Rheumatoid Arthritis. The specialty pharmacy program offers a number of benefits to policyholder and to the plan, including reduced costs for these drugs through the mail order pharmacy.

The specialty pharmacy is not a Wisconsin Medicaid certified provider. It is our understanding that out-of-state providers are prohibited from becoming Wisconsin Medicaid certified.

*Goal:* Modify the statutes to specify that HIRSP is authorized to pay for any prescription drugs provided by a network of pharmacies approved by the Board of Directors, which includes at a minimum all Wisconsin Medicaid certified pharmacies.

## **Medicaid Enhanced Rates**

*Background:* Chapter 149 requires HIRSP to pay providers the Medicaid rate plus an enhancement determined by the Authority. The resulting rates must be sufficient to cover the required provider contribution for plan costs.

In practice, DHFS and now the Authority established the HIRSP payment rates by first establishing a "usual and customary" payment, which is calculated by discounting provider's billed charges. The usual and customary amounts are further discounted to capture the provider contribution to plan costs. The resulting rates are then converted to a Medicaid enhanced rate. Using a physician office visit as an example:

1. The HIRSP usual and customary payment for the service is \$125.
2. The HIRSP allowed amount for the service is \$112 to account for the provider contribution.
3. Medicaid pays \$75 for a physician office visit.
4. The final HIRSP payment is established at 149.4% of the Medicaid rate (or \$112).

In order to complete steps #3 and #4, the Authority and its actuary need to collect and analyze Medicaid payment rates. When the HIRSP Plan administrator was the Medicaid fiscal agent there may have been administrative efficiencies associated with relating HIRSP payment rates to Medicaid payment rates in terms of claims processing. However, in the current environment, this requirement creates additional work and cost for the Plan without any benefit.

Another disadvantage is that HIRSP is reliant on the DHFS timetable for updating Medicaid payment rates. For example, a number of new DRG codes have been created for the Medicaid inpatient hospital payment system, effective July 1, 2006. DHFS does not intend to calculate rates for these new codes until early 2007. Once it establishes the new rates, it will reprocess all claims submitted for dates of services subsequent to 7/1/06 and issue payment adjustments. HIRSP will be required to do the same.

*Goal:* Remove the statutory requirement to establish provider rates as enhanced Medicaid rates. Instead, authorize the Authority to establish usual and customary payment rates and to adjust those rates to ensure the providers' required contribution under 149.143(1)(c) and (2)(b).

## WRS Participation

It is our hope that with the assistance of DOA, the HIRSP Authority will be deemed a public employer and its employees will be eligible to participate in the Wisconsin Retirement System. As we've discussed, the Authority and its legal counsel believes that the Authority meets the definition of public employer outlined by ETF in its publications.

If this issue cannot be resolved through the ongoing discussions, we would be interested in a statutory change that would clarify the Authority's status as a public employer.

Please let me know if you have any questions about any of these items or would like additional information.

Thank you again for your interest and we look forward to working with you and the Department in the coming months to effect these changes.

Sincerely,



Amie T. Goldman  
CEO

Cc: Dennis Conta, Chair  
HIRSP Authority Board of Directors

Mike Gifford, Chair - Legislative Committee  
HIRSP Authority Board of Directors

Joe Kachelski, Chair - Finance and Audit Committee  
HIRSP Authority Board of Directors

7-9546

**HIRSP Legislative Agenda  
December 20, 2006**

Items Adopted by Board and Conveyed to DOA in 11/14/06 letter

*already in draft*

1. The Authority Board of Directors determines if HIRSP assets are invested in the State Investment Fund or the Local Government Investment Pool.
2. Insurer assessment and federal grant monies are paid directly to the Authority, rather than to OCI.
3. The HIRSP pharmacy network is expanded to include all Wisconsin Medicaid certified pharmacy as well as any additional pharmacies deemed appropriate by the Authority.
4. The calculation of HIRSP provider payments are no longer expressed as a percentage of Medicaid payment rates.
5. The Authority is eligible to participate in the Wisconsin Retirement System.

New Items Adopted by Executive Committee 12/18/06

*> 25,000 AD market Anne*

*add 1B*

1. Health Coverage Tax Credit (HCTC) Plan Administrator and HIRSP Plan Administrator are by statute the same entity.
2. Individuals eligible for the low-income subsidy program may apply the premium and deductible subsidy to any plan offered by HIRSP. *IA + Z now*
3. The HIRSP Authority can define "group coverage" for the purposes of determining eligibility for medically uninsurable individuals. *low cost policy like 2000*
4. The HIRSP Authority would be represented by the Wisconsin Attorney General for any suit brought against it.

*coverage is expensive  
talked to Pam K - auth not covered*

*ch 177 # returns back*

Post-It® Fax Note	7671	Date	# of pages ▶
To	<i>Pam</i>	From	<i>Sue</i>
Co./Dept.		Co.	
Phone #		Phone #	
Fax #		Fax #	

## Kahler, Pam

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**From:** Jablonsky, Sue - DOA  
**Sent:** Thursday, December 21, 2006 2:17 PM  
**To:** Kahler, Pam  
**Subject:** FW: HIRSP

Does this help?

---

**From:** Goldman, Amie - HIRSP  
**Sent:** Thursday, December 21, 2006 2:06 PM  
**To:** Jablonsky, Sue - DOA  
**Subject:** RE: HIRSP

Section 149.12 (2)(e) of the statutes states that "No person who is eligible for creditable coverage, other than those benefits specified in s. 632.745(11)(b)1. to 12. that is provided by an employer on a self-insured basis or though health insurance is eligible for coverage under the plan (HIRSP).

The exclusions in Chapter 632 include liability insurance, worker's compensation insurance, hospital insurance and other types of insurance that are not typical group health policies.

Recently a new product has made its way into the insurance market, commonly referred to as "mini med insurance policies". These policies were developed to provide health care coverage to individuals who might not otherwise have access to health insurance – in particular part-time and seasonal workers. Taking the coverage is optional and the full cost of the policy is born by the employee. The downside to these policies is that they typically have very low limits on coverage. An example was provided to HIRSP of a policy offered to H&R Block employees with a total annual value of \$10,000.

Under current law, a person applying for HIRSP whose employer offered a mini-med policy (even in the employer did not contribute to the premium) would be ineligible for HIRSP. We would like the ability to establish HIRSP eligibility criteria that would allow us to respond to changes in the market like the advent of mini-med policies. For example, with this flexibility, the Board could establish a policy that would allow HIRSP eligibility for individuals with access to group coverage if the value of the coverage were less than \$10,000 per year. The idea being that \$10,000 of insurance coverage does not offer real protection to the populations we otherwise serve.

I hope this helps. Amie

Amie Goldman  
CEO  
HIRSP Authority  
[agoldman@hirsp.org](mailto:agoldman@hirsp.org)  
Phone: 608.441-5777  
Fax: 608.441.5776

---

**From:** Jablonsky, Sue - DOA  
**Sent:** Thursday, December 21, 2006 10:58 AM  
**To:** Goldman, Amie - HIRSP  
**Subject:** FW: HIRSP

Amie—see Pam's question below. Could you put into writing what you explained at our meeting yesterday? She means # 3 on your new list of items.

---

**From:** Kahler, Pam [<mailto:Pam.Kahler@legis.wisconsin.gov>]  
**Sent:** Wednesday, December 20, 2006 3:43 PM



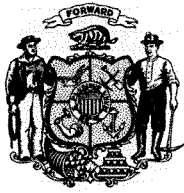
**To:** Jablonsky, Sue - DOA  
**Subject:** HIRSP

Hi, Sue:

For no. 3 on the list, what is the purpose of defining "group coverage"? Where does it fit in? There is no reference to group coverage in the chapter, so I'm trying to figure out where such a provision would go - what it's supposed to be for. Please give me a call to discuss. Thanks.

Pam

*Pamela J. Kahler*  
*Legislative Attorney*  
*Legislative Reference Bureau*  
608-266-2682



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-10067  
PJK&RAC:.....

Jld

DOA:.....Jablonsky, BB0208 - HIRSP Authority changes

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

D-note

do not  
gen cat

1 AN ACT, relating to: changes to the Health Insurance Risk-Sharing Plan  
2 Authority.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

HEALTH

and

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, as well as 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 bill makes the following changes to HIRSP and the HIRSP Authority:  
1 The bill provides that the HIRSP Authority is to be treated as a state agency for all purposes under the Wisconsin Retirement System, including the purpose of providing fringe benefits, such as participation in the pension plan and health insurance coverage, to its employees.

\*

23 The bill requires the Investment Board, if requested by the HIRSP Authority, to invest funds of the HIRSP Authority in the state investment fund. The bill further permits the HIRSP Authority to participate in the local government pooled-investment fund.

31 Currently, insurer assessments and federal high risk pool grant moneys are paid to OCI and then to the HIRSP Authority. Under the bill those payments go directly to the HIRSP Authority.

43 Currently, for 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 bill allows prescription drugs to be provided by a network of pharmacists and pharmacies that are approved by the HIRSP Authority board of directors. The network, however, must include all pharmacists and pharmacies that are certified to provide prescription drugs under the Medical Assistance program in this state.

53 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 bill 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.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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

1 SECTION 1. 20.145 (5) of the statutes is repealed.

\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

2 SECTION 2. 25.14 (1) (a) (intro.) of the statutes is amended to read:

3 25.14 (1) (a) (intro.) There is created a state investment fund under the  
4 jurisdiction and management of the board to be operated as an investment trust for  
5 the purpose of managing the securities of all funds that are required by law to be  
6 invested in the state investment fund and all of the state's funds consisting of the  
7 funds specified in s. 25.17 (1), except all of the following:

8 SECTION 3. 25.17 (63) of the statutes is created to read:

History: 1973 c. 137; 1977 c. 418; 1979 c. 102; 1983 a. 27, 192; 1985 a. 29; 1987 a. 27; 1989 a. 31, 187; 1993 a. 16; 1995 a. 27, 403; 1999 a. 83; 2001 a. 7, 16, 104; 2003 a. 33, 111; 2005 a. 153, 478.

1 25.17 (63) If requested by the Health Insurance Risk-Sharing Plan Authority,  
2 invest funds of the Health Insurance Risk-Sharing Plan Authority in the state  
3 investment fund.

4 SECTION 4. 25.50 (1) (d) of the statutes is amended to read:

5 25.50 (1) (d) "Local government" means any county, town, village, city, power  
6 district, sewerage district, drainage district, town sanitary district, public inland  
7 lake protection and rehabilitation district, local professional baseball park district  
8 created under subch. III of ch. 229, family care district under s. 46.2895; local  
9 professional football stadium district created under subch. IV of ch. 229, local  
10 cultural arts district created under subch. V of ch. 229, public library system, school  
11 district or technical college district in this state, any commission, committee, board  
12 or officer of any governmental subdivision of this state, any court of this state, other  
13 than the court of appeals or the supreme court, or any authority created under s.  
14 114.61, 149.41, 231.02, 233.02 or 234.02.

History: 1975 c. 164; 1977 c. 29, 187; 1979 c. 34 s. 2102 (46) (a); 1979 c. 175 s. 53; 1981 c. 20, 93; 1983 a. 27 s. 2202 (45), (49); 1985 a. 29 s. 3202 (46); 1987 a. 27; 1989 a. 31, 159, 336; 1991 a. 33, 39; 1993 a. 16, 399; 1995 a. 27, 56, 274; 1999 a. 9, 65, 83, 167; 2001 a. 38; 2005 a. 25, 335.

15  
16

SECTION 5. 40.02 (54) of the statutes is created to read:

40.02 (54) The Health Insurance Risk-Sharing Plan Authority.

17 SECTION 6. 149.11 (2) (a) 1. of the statutes is amended to read:

18 149.11 (2) (a) 1. Insurer assessments under s. 149.13, paid to the authority  
19 under s. 20.145 (5) (g).

History: 1979 c. 313; 1997 a. 27 s. 4825; Stats. 1997 s. 149.11; 2005 s. 4, ss. 41, 42, 77.

21  
22

SECTION 7. 149.11 (2) (a) 3. of the statutes is repealed and recreated to read:

149.11 (2) (a) 3. Moneys received from the federal government in high risk pool grants.

23 SECTION 8. 149.11 (2) (b) of the statutes is amended to read:

SECTION 8

1           149.11 (2) (b) The authority controls the assets of the fund and shall select  
 2 regulated financial institutions in this state that receive deposits in which to  
 3 establish and maintain accounts for assets needed on a current basis. If practicable,  
 4 the accounts shall earn interest. ✓

History: 1979 c. 313; 1997 a. 27 s. 4825; Stats. 1997 s. 149.11; 2005 a. 74, ss. 41, 42, 77.

5           **SECTION 9.** 149.13 (3) (a) of the statutes is amended to read:

6           149.13 (3) (a) Each insurer's proportion of participation under sub. (2) shall be  
 7 determined annually by the commissioner based on annual statements and other  
 8 reports filed by the insurer with the commissioner. The commissioner shall assess  
 9 an insurer for the insurer's proportion of participation based on the total  
 10 assessments estimated by the authority. An insurer shall pay the amount of the  
 11 assessment directly to the authority. ✓

History: 1979 c. 313; 1981 c. 83; 1981 c. 314 s. 146; 1985 a. 29; 1989 a. 187, 29; 1991 a. 39, 269; 1997 a. 27 ss. 4834 to 4838; Stats. 1997 s. 149.13; 2001 a. 16; 2005 a. 74.

12           **SECTION 10.** 149.14 (3) (intro.) of the statutes is amended to read:

13           149.14 (3) COVERED EXPENSES. (intro.) Covered expenses for coverage under the  
 14 plan shall be the payment rates established by the authority for services provided  
 15 by persons licensed under ch. 446 and certified under s. 49.45 (2) (a) 11. Covered  
 16 expenses for coverage under the plan shall also be the payment rates established by  
 17 the authority for, at a minimum, the following services and articles if the service or  
 18 article is prescribed by a physician who is licensed under ch. 448 or in another state  
 19 and who is certified under s. 49.45 (2) (a) 11. and, except as provided in sub. (3m), ✓ if  
 20 the service or article is provided by a provider certified under s. 49.45 (2) (a) 11.:

History: 1979 c. 313; 1981 c. 39 s. 22; 1981 c. 83; 1981 c. 314 ss. 147, 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.

21           **SECTION 11.** 149.14 (3m) of the statutes is created to read:

22           149.14 (3m) PHARMACY NETWORK. ✓ Covered expenses for prescription drugs  
 23 shall be the payment rates established by the authority for prescription drugs that ✓

1 are provided to eligible persons by a network of pharmacists and pharmacies  
2 approved by the board, regardless of whether the provider of the drug is certified  
3 under s. 49.45 (2) (a) 11. The network of pharmacists and pharmacies approved by  
4 the board shall include, at a minimum, all pharmacists licensed under s. 450.03 who  
5 are certified under s. 49.45 (2) (a) 11. and all pharmacies licensed under s. 450.06 that  
6 are certified under s. 49.45 (2) (a) 11.

7 **SECTION 12.** 149.142 (1) of the statutes is amended to read:

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

19 History: 1999 a. 9; 2001 a. 16; 2005 a. 74, ss. 111, 124 to 126.

19 **SECTION 13.** 149.143 (1) (intro.) of the statutes is amended to read:

20 149.143 (1) COSTS EXCLUDING SUBSIDIES. (intro.) The authority shall pay plan  
21 costs, excluding any premium, deductible, and copayment subsidies, first from any  
22 federal funds, if any, that are transferred to the fund under s. 20.145 (5) (m) and  
23 under s. 149.11 (2) (a) 3. that exceed premium, deductible, and copayment subsidy

1 costs in a policy year. The remainder of the plan costs, excluding premium,  
2 deductible, and copayment subsidy costs, shall be paid as follows:

3 History: 1997 a. 27; 1999 a. 9, 165; 2001 a. 16, 109; 2003 a. 33; 2005 a. 74. X

3 **SECTION 14.** 149.143 (2) (intro.) of the statutes is amended to read:

4 149.143 (2) SUBSIDY COSTS. (intro.) The authority shall pay for premium,  
5 deductible, and copayment subsidies in a policy year first from any federal funds, if  
6 ~~any, that are transferred to the fund under s. 20.145 (5) (m)~~ under s. 149.11 (2) (a)  
7 3. received in that year. The remainder of the subsidy costs shall be paid as follows:

8 History: 1997 a. 27; 1999 a. 9, 165; 2001 a. 16, 109; 2003 a. 33; 2005 a. 74.

(END)

D-note

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

LRB-1006/1dn  
RAC&PJK:jld:jf

December 12, 2006

This draft allows the HIRSP Authority to participate in the local government pooled-investment fund and requires SWIB, if requested by the authority, to invest authority funds in the state investment fund. Please note that the local government pooled-investment fund is an account within the state investment fund, so it is unclear why both options are needed. See, s. 25.50 (2), stats. Allowing the authority to participate in the local government pooled-investment fund will give the authority access to the state investment fund. Please advise.

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State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-1006/1  
PJK&RAC:jld:jf

2  
PJK&RAC

DOA:.....Jablonsky, BB0208 - HIRSP Authority changes

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

(in 12-21)  
D-note

do not  
generate

1 AN ACT ...; relating to: changes to the Health Insurance Risk-Sharing Plan  
2 Authority. ✓

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**HEALTH**

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 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 bill makes the following changes to HIRSP and the HIRSP Authority:

1. The bill provides that the HIRSP Authority is to be treated as a state agency for all purposes under the Wisconsin Retirement System, including the purpose of providing fringe benefits, such as participation in the pension plan and health insurance coverage, to its employees.

2. The bill requires the Investment Board, if requested by the HIRSP Authority, to invest funds of the HIRSP Authority in the state investment fund. The bill further permits the HIRSP Authority to participate in the local government pooled-investment fund.

3. Currently, insurer assessments and federal high risk pool grant moneys are paid to OCI and then to the HIRSP Authority. Under the bill those payments go directly to the HIRSP Authority.

4. Currently, for 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 bill allows prescription drugs to be provided by a network of pharmacists and pharmacies that are approved by the HIRSP Authority Board of Directors. The network, however, must include all pharmacists and pharmacies that are certified to provide prescription drugs under MA in this state.

5. 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 bill 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.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

✓  
Insert 2-A

---

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

1           **SECTION 1.** 20.145 (5) of the statutes is repealed.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

2           **SECTION 2.** 25.14 (1) (a) (intro.) of the statutes is amended to read:

3           25.14 (1) (a) (intro.) There is created a state investment fund under the  
4 jurisdiction and management of the board to be operated as an investment trust for  
5 the purpose of managing the securities of all funds that are required by law to be  
6 invested in the state investment fund and all of the state's funds consisting of the  
7 funds specified in s. 25.17 (1), except all of the following:

8           **SECTION 3.** 25.17 (63) of the statutes is created to read:

1           25.17 (63) If requested by the Health Insurance Risk-Sharing Plan Authority,  
2 invest funds of the Health Insurance Risk-Sharing Plan Authority in the state  
3 investment fund.

4           **SECTION 4.** 25.50 (1) (d) of the statutes is amended to read:

5           25.50 (1) (d) "Local government" means any county, town, village, city, power  
6 district, sewerage district, drainage district, town sanitary district, public inland  
7 lake protection and rehabilitation district, local professional baseball park district  
8 created under subch. III of ch. 229, family care district under s. 46.2895, local  
9 professional football stadium district created under subch. IV of ch. 229, local  
10 cultural arts district created under subch. V of ch. 229, public library system, school  
11 district or technical college district in this state, any commission, committee, board  
12 or officer of any governmental subdivision of this state, any court of this state, other  
13 than the court of appeals or the supreme court, or any authority created under s.  
14 114.61, 149.41, 231.02, 233.02 or 234.02.

15           **SECTION 5.** 40.02 (54) (k) of the statutes is created to read:

16           40.02 (54) (k) The Health Insurance Risk-Sharing Plan Authority.

17           **SECTION 6.** 149.11 (2) (a) 1. of the statutes is amended to read:

18           149.11 (2) (a) 1. Insurer assessments under s. 149.13, ~~paid to the authority~~  
19 ~~under s. 20.145 (5) (g).~~

20           **SECTION 7.** 149.11 (2) (a) 3. of the statutes is repealed and recreated to read:

21           149.11 (2) (a) 3. Moneys received from the federal government in high risk pool  
22 grants.

23           **SECTION 8.** 149.11 (2) (b) of the statutes is amended to read:

24           149.11 (2) (b) The authority controls the assets of the fund ~~and shall select~~  
25 ~~regulated financial institutions in this state that receive deposits in which to~~

Insert 4-2

Insert 4-9

1 establish and maintain accounts for assets needed on a current basis. If practicable,  
2 the accounts shall earn interest.

3 SECTION 9. 149.13 (3) (a) of the statutes is amended to read:

4 149.13 (3) (a) Each insurer's proportion of participation under sub. (2) shall be  
5 determined annually by the commissioner based on annual statements and other  
6 reports filed by the insurer with the commissioner. The commissioner shall assess  
7 an insurer for the insurer's proportion of participation based on the total  
8 assessments estimated by the authority. An insurer shall pay the amount of the  
9 assessment directly to the authority.

10 SECTION 10. 149.14 (3) (intro.) of the statutes is amended to read:

11 149.14 (3) COVERED EXPENSES. (intro.) Covered expenses for coverage under the  
12 plan shall be the payment rates established by the authority for services provided  
13 by persons licensed under ch. 446 and certified under s. 49.45 (2) (a) 11. Covered  
14 expenses for coverage under the plan shall also be the payment rates established by  
15 the authority for, at a minimum, the following services and articles if the service or  
16 article is prescribed by a physician who is licensed under ch. 448 or in another state  
17 and who is certified under s. 49.45 (2) (a) 11. and, except as provided in sub. (3m), if  
18 the service or article is provided by a provider certified under s. 49.45 (2) (a) 11.:

19 SECTION 11. 149.14 (3m) of the statutes is created to read:

20 149.14 (3m) PHARMACY NETWORK. Covered expenses for prescription drugs  
21 shall be the payment rates established by the authority for prescription drugs that  
22 are provided to eligible persons by a network of pharmacists and pharmacies  
23 approved by the board, regardless of whether the provider of the drug is certified  
24 under s. 49.45 (2) (a) 11. The network of pharmacists and pharmacies approved by  
25 the board shall include, at a minimum, all pharmacists licensed under s. 450.03 who

1 are certified under s. 49.45 (2) (a) 11. and all pharmacies licensed under s. 450.06 that  
2 are certified under s. 49.45 (2) (a) 11.

3 **SECTION 12.** 149.142 (1) of the statutes is amended to read:

4 149.142 (1) ESTABLISHMENT OF RATES. The authority shall establish provider  
5 payment rates for covered expenses that consist of the allowable charges paid under  
6 s. 49.46 (2) usual and customary payment rates, as determined by the authority, for  
7 the services and articles provided plus an enhancement adjustment determined by  
8 the authority. ~~The rates shall be based on the allowable charges paid under s. 49.46~~  
9 ~~(2), projected plan costs, and trend factors. Using the same methodology that applies~~  
10 ~~to medical assistance under subch. IV of ch. 49, the authority shall establish hospital~~  
11 ~~outpatient per visit reimbursement rates and hospital inpatient reimbursement~~  
12 ~~rates that are specific to diagnostically related groups of eligible persons. The~~  
13 ~~adjustments to the usual and customary rates shall be sufficient to cover the portion~~  
14 ~~of plan costs specified in s. 149.143 (1) (c) and (2) (b).~~

15 **SECTION 13.** 149.143 (1) (intro.) of the statutes is amended to read:

16 149.143 (1) COSTS EXCLUDING SUBSIDIES. (intro.) The authority shall pay plan  
17 costs, excluding any premium, deductible, and copayment subsidies, first from any  
18 federal funds, if any, that are transferred to the fund under s. 20.145 (5) (m) and  
19 under s. 149.11 (2) (a) 3. that exceed premium, deductible, and copayment subsidy  
20 costs in a policy year. The remainder of the plan costs, excluding premium,  
21 deductible, and copayment subsidy costs, shall be paid as follows:

22 **SECTION 14.** 149.143 (2) (intro.) of the statutes is amended to read:

23 149.143 (2) SUBSIDY COSTS. (intro.) The authority shall pay for premium,  
24 deductible, and copayment subsidies in a policy year first from any federal funds, if

Insert 5-2

1 ~~any, that are transferred to the fund under s. 20.145 (5) (m) under s. 149.11 (2) (a)~~

2 3. received in that year. The remainder of the subsidy costs shall be paid as follows:

3 (END)

Insert 6-2 ✓

D - vote  
↓

2007-2008 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-1006/2ins  
PJK&RAC:jld:jf

INSERT 2-A

\* 6. The bill provides that any administrator with which the HIRSP Authority board contracts to administer HIRSP must also be the administrator of the Health Coverage Tax Credit Program, which the HIRSP Authority is required under current law to design and administer.

7. Under current law, certain persons with coverage under HIRSP with incomes below a specified level are eligible for premium and deductible subsidies. The bill makes all persons with coverage under HIRSP with incomes below that specified level eligible for the premium and deductible subsidies.

8. 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 bill authorizes the HIRSP Authority board to specify other exceptions.

(END OF INSERT 2-A)

INSERT 4-2

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

3 149.12 (2) (e) 1. ~~No~~ Subject to subd. 2., no person who is eligible for creditable  
4 coverage, other than those benefits specified in s. 632.745 (11) (b) 1. to 12., that is  
5 provided by an employer on a self-insured basis or through health insurance is  
6 eligible for coverage under the plan.

History: 1979 c. 313; 1983 a. 27, 215; 1985 a. 29, 73; 1987 a. 27, 70, 239; 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.

7 SECTION 2. 149.12 (2) (e) 2. of the statutes is created to read:

8 149.12 (2) (e) 2. The board may specify other types of coverage provided by an  
9 employer that do not render a person ineligible for coverage under the plan.

(END OF INSERT 4-2)

INSERT 4-9

10 SECTION 3. 149.14 (2) (c) 1. of the statutes is renumbered 149.14 (2) (c).



*Insert 4-9 contd*

1           **SECTION 4.** 149.14 (2) (c) 2<sup>✓</sup> of the statutes is repealed.

(END OF INSERT 4-9)

**INSERT 5-2**

2           **SECTION 5.** 149.14 (5) (a)<sup>✓</sup> of the statutes is amended to read:

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

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 5-2)

**INSERT 6-2**

6           **SECTION 6.** 149.165 (2) (bc)<sup>✓</sup> of the statutes is amended to read:

7           149.165 (2) (bc) Subject to sub. (3m), if the household income, as defined in s.  
8           71.52 (5) and as determined under sub. (3), of an eligible person with coverage under  
9           s. 149.14 (2) (b)<sup>✓</sup> or (c) is equal to or greater than the first amount and less than the  
10          2nd amount listed in par. (a) 1., 2., 3., 4., or 5., the authority shall reduce the premium  
11          established for the eligible person by the same percentage as the authority reduces,  
12          under par. (a), the premium established for an eligible person with coverage under  
13          s. 149.14 (2) (a) who has a household income specified in the same subdivision under  
14          par. (a) as the household income of the eligible person with coverage under s. 149.14  
15          (2) (b) or (c).

History: 1985 a. 29; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39<sup>✓</sup>; 1997 a. 27 ss. 4889 to 4894; Stats. 1997 s. 149.165; 1999 a. 9, 165; 2003 a. 33; 2005 a. 74.

16          **SECTION 7.** 149.65 (1) of the statutes is amended to read:

17          149.65 (1) Subject to sub. (2), the authority shall design and administer a  
18          program of health care coverage, called the Health Care Tax Credit Program, under  
19          which a covered eligible individual may receive an income tax credit under 26 USC





*Ins 6-2 contd*

1 35 for a portion of premiums paid for the coverage. The Health Care Tax Credit  
2 Program shall be designed to satisfy the requirements of qualified health insurance  
3 under 26 USC 35 (e) (1) (E), (2), and (3). Any person with which the authority  
4 contracts under s. 149.43 (4) (a)✓ shall also be the administrator for the program under  
5 this subchapter.✓

History: 2005 a. 74.

(END OF INSERT 6-2)

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

LRB-1006/2dn  
PJK&RAC;jld:jf

Sue:

Do we need to specify any initial applicabilities for these changes? Do any of the changes affect contracts, such as the payments to providers?

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

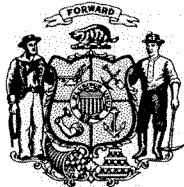
LRB-1006/2dn  
PJK&RAC;jld:nwn

January 2, 2007

Sue:

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State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-1006/2  
PJK&RAC:jld:nwn

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DOA:.....Jablonsky, BB0208 - HIRSP Authority changes

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

D-note

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1 AN ACT; relating to: changes to the Health Insurance Risk-Sharing Plan  
2 Authority.

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**HEALTH**

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 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 bill makes the following changes to HIRSP and the HIRSP Authority:

1. The bill provides that the HIRSP Authority is to be treated as a state agency for all purposes under the Wisconsin Retirement System, including the purpose of providing fringe benefits, such as participation in the pension plan and health insurance coverage, to its employees.

2. The bill requires the Investment Board, if requested by the HIRSP Authority, to invest funds of the HIRSP Authority in the state investment fund. The bill further permits the HIRSP Authority to participate in the local government pooled-investment fund.

3. Currently, insurer assessments and federal high risk pool grant moneys are paid to OCI and then to the HIRSP Authority. Under the bill those payments go directly to the HIRSP Authority.

4. Currently, for 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 bill allows prescription drugs to be provided by a network of pharmacists and pharmacies that are approved by the HIRSP Authority Board of Directors. The network, however, must include all pharmacists and pharmacies that are certified to provide prescription drugs under MA in this state.

5. 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 bill 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.

6. The bill provides that any administrator with which the HIRSP Authority Board contracts to administer HIRSP must also be the administrator of the Health Coverage Tax Credit Program, which the HIRSP Authority is required under current law to design and administer.

7. Under current law, certain persons with coverage under HIRSP with incomes below a specified level are eligible for premium and deductible subsidies. The bill makes all persons with coverage under HIRSP with incomes below that specified level eligible for the premium and deductible subsidies.

8. 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 bill authorizes the HIRSP Authority Board to specify other exceptions.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

---

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

1           **SECTION 1.** 20.145 (5) of the statutes is repealed.

          \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

2           **SECTION 2.** 25.14 (1) (a) (intro.) of the statutes is amended to read:

3           25.14 (1) (a) (intro.) There is created a state investment fund under the  
4 jurisdiction and management of the board to be operated as an investment trust for

1 the purpose of managing the securities of all funds that are required by law to be  
2 invested in the state investment fund and all of the state's funds consisting of the  
3 funds specified in s. 25.17 (1), except all of the following:

4 **SECTION 3.** 25.17 (63) of the statutes is created to read:

5 25.17 (63) If requested by the Health Insurance Risk-Sharing Plan Authority,  
6 invest funds of the Health Insurance Risk-Sharing Plan Authority in the state  
7 investment fund.

8 **SECTION 4.** 25.50 (1) (d) of the statutes is amended to read:

9 25.50 (1) (d) "Local government" means any county, town, village, city, power  
10 district, sewerage district, drainage district, town sanitary district, public inland  
11 lake protection and rehabilitation district, local professional baseball park district  
12 created under subch. III of ch. 229, family care district under s. 46.2895, local  
13 professional football stadium district created under subch. IV of ch. 229, local  
14 cultural arts district created under subch. V of ch. 229, public library system, school  
15 district or technical college district in this state, any commission, committee, board  
16 or officer of any governmental subdivision of this state, any court of this state, other  
17 than the court of appeals or the supreme court, or any authority created under s.  
18 114.61, 149.41, 231.02, 233.02 or 234.02.

19 **SECTION 5.** 40.02 (54) (~~k~~) of the statutes is created to read:

20 40.02 (54) (~~k~~) The Health Insurance Risk-Sharing Plan Authority.

21 **SECTION 6.** 149.11 (2) (a) 1. of the statutes is amended to read:

22 149.11 (2) (a) 1. Insurer assessments under s. 149.13, ~~paid to the authority~~  
23 ~~under s. 20.145 (5) (g).~~

24 **SECTION 7.** 149.11 (2) (a) 3. of the statutes is repealed and recreated to read:

1           149.11 (2) (a) 3. Moneys received from the federal government in high risk pool  
2 grants.

3           **SECTION 8.** 149.11 (2) (b) of the statutes is amended to read:

4           149.11 (2) (b) The authority controls the assets of the fund and shall select  
5 regulated financial institutions in this state that receive deposits in which to  
6 establish and maintain accounts for assets needed on a current basis. If practicable,  
7 the accounts shall earn interest.

8           **SECTION 9.** 149.12 (2) (e) of the statutes is renumbered 149.12 (2) (e) 1. and  
9 amended to read:

10           149.12 (2) (e) 1. No Subject to subd. 2., no person who is eligible for creditable  
11 coverage, other than those benefits specified in s. 632.745 (11) (b) 1. to 12., that is  
12 provided by an employer on a self-insured basis or through health insurance is  
13 eligible for coverage under the plan.

14           **SECTION 10.** 149.12 (2) (e) 2. of the statutes is created to read:

15           149.12 (2) (e) 2. The board may specify other types of coverage provided by an  
16 employer that do not render a person ineligible for coverage under the plan.

17           **SECTION 11.** 149.13 (3) (a) of the statutes is amended to read:

18           149.13 (3) (a) Each insurer's proportion of participation under sub. (2) shall be  
19 determined annually by the commissioner based on annual statements and other  
20 reports filed by the insurer with the commissioner. The commissioner shall assess  
21 an insurer for the insurer's proportion of participation based on the total  
22 assessments estimated by the authority. An insurer shall pay the amount of the  
23 assessment directly to the authority.

24           **SECTION 12.** 149.14 (2) (c) 1. of the statutes is renumbered 149.14 (2) (c).

25           **SECTION 13.** 149.14 (2) (c) 2. of the statutes is repealed.

1           **SECTION 14.** 149.14 (3) (intro.) of the statutes is amended to read:

2           149.14 (3) COVERED EXPENSES. (intro.) Covered expenses for coverage under the  
3 plan shall be the payment rates established by the authority for services provided  
4 by persons licensed under ch. 446 and certified under s. 49.45 (2) (a) 11. Covered  
5 expenses for coverage under the plan shall also be the payment rates established by  
6 the authority for, at a minimum, the following services and articles if the service or  
7 article is prescribed by a physician who is licensed under ch. 448 or in another state  
8 and who is certified under s. 49.45 (2) (a) 11. and, except as provided in sub. (3m), if  
9 the service or article is provided by a provider certified under s. 49.45 (2) (a) 11.:

10           **SECTION 15.** 149.14 (3m) of the statutes is created to read:

11           149.14 (3m) PHARMACY NETWORK. Covered expenses for prescription drugs  
12 shall be the payment rates established by the authority for prescription drugs that  
13 are provided to eligible persons by a network of pharmacists and pharmacies  
14 approved by the board, regardless of whether the provider of the drug is certified  
15 under s. 49.45 (2) (a) 11. The network of pharmacists and pharmacies approved by  
16 the board shall include, at a minimum, all pharmacists licensed under s. 450.03 who  
17 are certified under s. 49.45 (2) (a) 11. and all pharmacies licensed under s. 450.06 that  
18 are certified under s. 49.45 (2) (a) 11.

19           **SECTION 16.** 149.14 (5) (a) of the statutes is amended to read:

20           149.14 (5) (a) The authority shall establish and provide subsidies for  
21 deductibles paid by eligible persons with ~~coverage under s. 149.14 (2) (a) and~~  
22 household incomes specified in s. 149.165 (2) (a) 1. to 5.

23           **SECTION 17.** 149.142 (1) of the statutes is amended to read:

24           149.142 (1) ESTABLISHMENT OF RATES. The authority shall establish provider  
25 payment rates for covered expenses that consist of the ~~allowable charges paid under~~



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

10 **SECTION 18.** 149.143 (1) (intro.) of the statutes is amended to read:

11 149.143 (1) COSTS EXCLUDING SUBSIDIES. (intro.) The authority shall pay plan  
12 costs, excluding any premium, deductible, and copayment subsidies, first from any  
13 federal funds, if any, that are transferred to the fund under s. 20.145 (5) (m) and  
14 under s. 149.11 (2) (a) 3. that exceed premium, deductible, and copayment subsidy  
15 costs in a policy year. The remainder of the plan costs, excluding premium,  
16 deductible, and copayment subsidy costs, shall be paid as follows:

17 **SECTION 19.** 149.143 (2) (intro.) of the statutes is amended to read:

18 149.143 (2) SUBSIDY COSTS. (intro.) The authority shall pay for premium,  
19 deductible, and copayment subsidies in a policy year first from any federal funds, if  
20 any, that are transferred to the fund under s. 20.145 (5) (m) under s. 149.11 (2) (a)  
21 3. received in that year. The remainder of the subsidy costs shall be paid as follows:

22 **SECTION 20.** 149.165 (2) (bc) of the statutes is amended to read:

23 149.165 (2) (bc) Subject to sub. (3m), if the household income, as defined in s.  
24 71.52 (5) and as determined under sub. (3), of an eligible person with coverage under  
25 s. 149.14 (2) (b) or (c) is equal to or greater than the first amount and less than the

1 2nd amount listed in par. (a) 1., 2., 3., 4., or 5., the authority shall reduce the premium  
2 established for the eligible person by the same percentage as the authority reduces,  
3 under par. (a), the premium established for an eligible person with coverage under  
4 s. 149.14 (2) (a) who has a household income specified in the same subdivision under  
5 par. (a) as the household income of the eligible person with coverage under s. 149.14  
6 (2) (b) or (c).

7 **SECTION 21.** 149.65 (1) of the statutes is amended to read:

8 149.65 (1) Subject to sub. (2), the authority shall design and administer a  
9 program of health care coverage, called the Health Care Tax Credit Program, under  
10 which a covered eligible individual may receive an income tax credit under 26 USC  
11 35 for a portion of premiums paid for the coverage. The Health Care Tax Credit  
12 Program shall be designed to satisfy the requirements of qualified health insurance  
13 under 26 USC 35 (e) (1) (E), (2), and (3). Any person with which the authority  
14 contracts under s. 149.43 (4) (a) shall also be the administrator for the program under  
15 this subchapter.

16 (END)

D - vote

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

LRB-1006/3dn  
PJK&RAC;jld:nwn

date

Sue:

This draft reconciles LRB-1006/2 and LRB-1524/P2, by removing the change to s. 25.50 (1) (d) from this draft. Both LRB-1006 and LRB-1524 should continue to appear in the compiled bill.

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

LRB-1006/3dn  
PJK:jld:sh

January 30, 2007

Sue:

This draft reconciles LRB-1006/2 and LRB-1524/P2, by removing the change to s. 25.50 (1) (d) from this draft. Both LRB-1006 and LRB-1524 should continue to appear in the compiled bill.

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State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-1006/3  
PJK&RAC:jld:sh

DOA:.....Jablonsky, BB0208 - HIRSP Authority changes

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: changes to the Health Insurance Risk-Sharing Plan  
2 Authority.

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*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**HEALTH**

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 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 bill makes the following changes to HIRSP and the HIRSP Authority:

1. The bill provides that the HIRSP Authority is to be treated as a state agency for all purposes under the Wisconsin Retirement System, including the purpose of providing fringe benefits, such as participation in the pension plan and health insurance coverage, to its employees.

2. The bill requires the Investment Board, if requested by the HIRSP Authority, to invest funds of the HIRSP Authority in the state investment fund. The bill further permits the HIRSP Authority to participate in the local government pooled-investment fund.

3. Currently, insurer assessments and federal high risk pool grant moneys are paid to OCI and then to the HIRSP Authority. Under the bill those payments go directly to the HIRSP Authority.

4. Currently, for 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 bill allows prescription drugs to be provided by a network of pharmacists and pharmacies that are approved by the HIRSP Authority Board of Directors. The network, however, must include all pharmacists and pharmacies that are certified to provide prescription drugs under MA in this state.

5. 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 bill 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.

6. The bill provides that any administrator with which the HIRSP Authority Board contracts to administer HIRSP must also be the administrator of the Health Coverage Tax Credit Program, which the HIRSP Authority is required under current law to design and administer.

7. Under current law, certain persons with coverage under HIRSP with incomes below a specified level are eligible for premium and deductible subsidies. The bill makes all persons with coverage under HIRSP with incomes below that specified level eligible for the premium and deductible subsidies.

8. 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 bill authorizes the HIRSP Authority Board to specify other exceptions.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1           **SECTION 1.** 20.145 (5) of the statutes is repealed.

          \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

2           **SECTION 2.** 25.14 (1) (a) (intro.) of the statutes is amended to read:

3           25.14 (1) (a) (intro.) There is created a state investment fund under the  
4 jurisdiction and management of the board to be operated as an investment trust for

1 the purpose of managing the securities of all funds that are required by law to be  
2 invested in the state investment fund and all of the state's funds consisting of the  
3 funds specified in s. 25.17 (1), except all of the following:

4 **SECTION 3.** 25.17 (63) of the statutes is created to read:

5 25.17 (63) If requested by the Health Insurance Risk-Sharing Plan Authority,  
6 invest funds of the Health Insurance Risk-Sharing Plan Authority in the state  
7 investment fund.

8 **SECTION 4.** 40.02 (54) (L) of the statutes is created to read:

9 40.02 (54) (L) The Health Insurance Risk-Sharing Plan Authority.

10 **SECTION 5.** 149.11 (2) (a) 1. of the statutes is amended to read:

11 149.11 (2) (a) 1. Insurer assessments under s. 149.13, ~~paid to the authority~~  
12 ~~under s. 20.145 (5) (g).~~

13 **SECTION 6.** 149.11 (2) (a) 3. of the statutes is repealed and recreated to read:

14 149.11 (2) (a) 3. Moneys received from the federal government in high risk pool  
15 grants.

16 **SECTION 7.** 149.11 (2) (b) of the statutes is amended to read:

17 149.11 (2) (b) The authority controls the assets of the fund ~~and shall select~~  
18 ~~regulated financial institutions in this state that receive deposits in which to~~  
19 ~~establish and maintain accounts for assets needed on a current basis. If practicable,~~  
20 ~~the accounts shall earn interest.~~

21 **SECTION 8.** 149.12 (2) (e) of the statutes is renumbered 149.12 (2) (e) 1. and  
22 amended to read:

23 149.12 (2) (e) 1. ~~No~~ Subject to subd. 2., no person who is eligible for creditable  
24 coverage, other than those benefits specified in s. 632.745 (11) (b) 1. to 12., that is

1 provided by an employer on a self-insured basis or through health insurance is  
2 eligible for coverage under the plan.

3 **SECTION 9.** 149.12 (2) (e) 2. of the statutes is created to read:

4 149.12 (2) (e) 2. The board may specify other types of coverage provided by an  
5 employer that do not render a person ineligible for coverage under the plan.

6 **SECTION 10.** 149.13 (3) (a) of the statutes is amended to read:

7 149.13 (3) (a) Each insurer's proportion of participation under sub. (2) shall be  
8 determined annually by the commissioner based on annual statements and other  
9 reports filed by the insurer with the commissioner. The commissioner shall assess  
10 an insurer for the insurer's proportion of participation based on the total  
11 assessments estimated by the authority. An insurer shall pay the amount of the  
12 assessment directly to the authority.

13 **SECTION 11.** 149.14 (2) (c) 1. of the statutes is renumbered 149.14 (2) (c).

14 **SECTION 12.** 149.14 (2) (c) 2. of the statutes is repealed.

15 **SECTION 13.** 149.14 (3) (intro.) of the statutes is amended to read:

16 149.14 (3) COVERED EXPENSES. (intro.) Covered expenses for coverage under the  
17 plan shall be the payment rates established by the authority for services provided  
18 by persons licensed under ch. 446 and certified under s. 49.45 (2) (a) 11. Covered  
19 expenses for coverage under the plan shall also be the payment rates established by  
20 the authority for, at a minimum, the following services and articles if the service or  
21 article is prescribed by a physician who is licensed under ch. 448 or in another state  
22 and who is certified under s. 49.45 (2) (a) 11. and, except as provided in sub. (3m), if  
23 the service or article is provided by a provider certified under s. 49.45 (2) (a) 11.:

24 **SECTION 14.** 149.14 (3m) of the statutes is created to read:



1           149.14 (3m) PHARMACY NETWORK. Covered expenses for prescription drugs  
2 shall be the payment rates established by the authority for prescription drugs that  
3 are provided to eligible persons by a network of pharmacists and pharmacies  
4 approved by the board, regardless of whether the provider of the drug is certified  
5 under s. 49.45 (2) (a) 11. The network of pharmacists and pharmacies approved by  
6 the board shall include, at a minimum, all pharmacists licensed under s. 450.03 who  
7 are certified under s. 49.45 (2) (a) 11. and all pharmacies licensed under s. 450.06 that  
8 are certified under s. 49.45 (2) (a) 11.

9           **SECTION 15.** 149.14 (5) (a) of the statutes is amended to read:

10           149.14 (5) (a) The authority shall establish and provide subsidies for  
11 deductibles paid by eligible persons with ~~coverage under s. 149.14 (2) (a) and~~  
12 household incomes specified in s. 149.165 (2) (a) 1. to 5.

13           **SECTION 16.** 149.142 (1) of the statutes is amended to read:

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

25           **SECTION 17.** 149.143 (1) (intro.) of the statutes is amended to read:

1           149.143 (1) COSTS EXCLUDING SUBSIDIES. (intro.) The authority shall pay plan  
2 costs, excluding any premium, deductible, and copayment subsidies, first from any  
3 federal funds, ~~if any, that are transferred to the fund under s. 20.145 (5) (m) and~~  
4 under s. 149.11 (2) (a) 3. that exceed premium, deductible, and copayment subsidy  
5 costs in a policy year. The remainder of the plan costs, excluding premium,  
6 deductible, and copayment subsidy costs, shall be paid as follows:

7           **SECTION 18.** 149.143 (2) (intro.) of the statutes is amended to read:

8           149.143 (2) SUBSIDY COSTS. (intro.) The authority shall pay for premium,  
9 deductible, and copayment subsidies in a policy year first from any federal funds, ~~if~~  
10 ~~any, that are transferred to the fund under s. 20.145 (5) (m) under s. 149.11 (2) (a)~~  
11 3. received in that year. The remainder of the subsidy costs shall be paid as follows:

12           **SECTION 19.** 149.165 (2) (bc) of the statutes is amended to read:

13           149.165 (2) (bc) Subject to sub. (3m), if the household income, as defined in s.  
14 71.52 (5) and as determined under sub. (3), of an eligible person with coverage under  
15 s. 149.14 (2) (b) or (c) is equal to or greater than the first amount and less than the  
16 2nd amount listed in par. (a) 1., 2., 3., 4., or 5., the authority shall reduce the premium  
17 established for the eligible person by the same percentage as the authority reduces,  
18 under par. (a), the premium established for an eligible person with coverage under  
19 s. 149.14 (2) (a) who has a household income specified in the same subdivision under  
20 par. (a) as the household income of the eligible person with coverage under s. 149.14  
21 (2) (b) or (c).

22           **SECTION 20.** 149.65 (1) of the statutes is amended to read:

23           149.65 (1) Subject to sub. (2), the authority shall design and administer a  
24 program of health care coverage, called the Health Care Tax Credit Program, under  
25 which a covered eligible individual may receive an income tax credit under 26 USC

1 35 for a portion of premiums paid for the coverage. The Health Care Tax Credit  
2 Program shall be designed to satisfy the requirements of qualified health insurance  
3 under 26 USC 35 (e) (1) (E), (2), and (3). Any person with which the authority  
4 contracts under s. 149.43 (4) (a) shall also be the administrator for the program under  
5 this subchapter.

6

(END)