



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2007 Senate Bill 226

Senate Substitute Amendment 1

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Senate Substitute Amendment 1 to 2007 Senate Bill 226 includes the following provisions:

MEDICAL ASSISTANCE CERTIFICATION OF PROVIDERS

Current s. 149.14 (3) (intro.), Stats., provides that “covered expenses for coverage” under HIRSP must be at the payment rates established by the Health Insurance Risk-Sharing Plan (HIRSP) Authority for, at a minimum, specified services and articles (including prescription drugs) if: (a) the service or article is prescribed by a physician who is licensed under ch. 448, Stats. (M.D. or D.O. licensed in Wisconsin), or in another state and who is certified by the Medical Assistance (MA) program in Wisconsin;¹ and (b) the service or article is provided by a provider who is certified by the MA program in Wisconsin. The Legislative Reference Bureau analysis to the bill and substitute amendment indicates that, *currently*, for payment under HIRSP, all providers of services and articles must be certified by the MA program in Wisconsin.

The substitute amendment creates two exceptions to this provision. First, the substitute amendment provides that pharmacies in a network approved by the HIRSP Authority Board need not be certified by the MA program in Wisconsin in order to be eligible for coverage. Second, the substitute amendment authorizes the HIRSP Authority to certify providers on a temporary basis to provide services or articles to HIRSP enrollees even if the provider is not certified by the MA program in Wisconsin. Any such provider must be licensed to provide the services or articles but need not be licensed in Wisconsin. The substitute amendment provides that this temporary HIRSP certification may be done retroactively after the services or articles were provided.

¹ In addition to certifying providers located in Wisconsin, the Wisconsin MA program also certifies providers who are located in states other than Wisconsin.

ELIGIBILITY FOR HIRSP

Under *current law*, with certain exceptions, anyone who is eligible for health insurance coverage provided by an employer is not eligible for coverage under HIRSP. The exceptions are those types of coverage listed in s. 632.745 (11) (b) 1. to 12., Stats., as not being a “health benefit plan” under the statute that specifies coverage requirements for health benefit plans. The exceptions include coverage such as worker’s compensation coverage, liability insurance or a supplement to liability insurance, automobile medical payment insurance, certain limited scope benefits, on-site medical clinics, specific disease coverage under certain circumstances, as well as other specified types of coverage. Also included as an exception is other insurance exempted by rule by the Commissioner of Insurance under s. 632.745 (11) (b) 12., Stats.

The *substitute amendment* authorizes the HIRSP Authority Board to specify other types of coverage provided by an employer (in addition to those specified in the statutes or in current rules promulgated by the Commissioner of Insurance) that do not render a person ineligible for HIRSP coverage but specifies that the HIRSP Authority Board’s authority to do so is subject to the approval of the Commissioner of Insurance.

PROVIDER PAYMENT RATES

Under *current law*, HIRSP payments to providers must consist of the allowable charges for services and articles paid under MA with an enhancement determined by the HIRSP Authority which takes into account provider discounts and certain other factors.

The *substitute amendment* requires HIRSP payment to providers to consist of the usual and customary payment rates, as determined by the HIRSP Authority, with an adjustment that is determined by the HIRSP Authority. As under current law, the adjustments to provider payments must be sufficient to cover 20% of HIRSP plan costs (beyond federal funds received by HIRSP)² plus 50% of the cost of premium, deductible, and copayment subsidies (beyond federal funds received by HIRSP).³

PREMIUM AND DEDUCTIBLE SUBSIDIES

Eligibility for Premium and Deductible Subsidies

Under *current law*, HIRSP enrollees who are not eligible for Medicare and have an income below a specified amount (\$25,000, as optionally adjusted by the HIRSP Authority based on changes in the consumer price index) are eligible for premium and deductible subsidies under only one of the plans offered by HIRSP. HIRSP enrollees who are eligible for Medicare and have income below the specified amount are eligible for premium subsidies.

Under the *substitute amendment*, all HIRSP enrollees who have an income below the specified amount are eligible for premium subsidies under any plan offered by HIRSP. All HIRSP enrollees who

² The remainder of HIRSP plan costs are funded: 60% from enrollee premiums (except that this can never exceed 200% of the rate applicable to individual standard risks); and 20% from insurer assessments.

³ The remainder of subsidy costs are funded: 50% from insurer assessments.

have an income below the specified amount and who are not eligible for Medicare are eligible for deductible subsidies.

Amount of Premium Subsidy

Under *current law*, the amount of reduction in HIRSP premium that constitutes a premium subsidy is based on a specified percentage (which varies depending on a sliding income scale) of the rate that a standard risk would be charged for an individual policy providing substantially the same coverage and deductibles as HIRSP.

The *substitute amendment* provides that the premium reduction is based on establishing a discount so that an enrollee's premium is reduced by a specified percentage (which again varies depending on a sliding income scale) of the premium that the HIRSP enrollee would otherwise pay.

HIRSP Authority Transfer of Premium Subsidies to DHFS for DHFS Assistance for Childless Adults Demonstration Project

Under *current law*, as created in 2007 Wisconsin Act 20 (the 2007-09 Biennial Budget Act), the Department of Health and Family Services (DHFS) is required to request a waiver from the U.S. Department of Health and Human Services to permit DHFS to conduct a demonstration project to provide health care coverage to adults under the age of 65 who have a family income up to 200% of the federal poverty level and are not otherwise eligible for MA, BadgerCare, or Medicare. The demonstration project would begin on January 1, 2009, or on the effective date of the federal waiver, whichever is later.

If a HIRSP enrollee is receiving a premium subsidy for HIRSP as of the implementation date for the demonstration project and voluntarily terminates coverage under HIRSP to enroll in the demonstration project, the budget act requires the HIRSP Authority to transfer to DHFS an amount equal to the premium subsidy that the person would have been entitled to receive had he or she not terminated coverage under HIRSP. Under the budget act, the HIRSP Authority is required to continue to transfer that subsidy amount to DHFS for as long as the person is enrolled in the demonstration project. The funds transferred by the HIRSP Authority to DHFS would be deposited in a DHFS program revenue (PR) appropriation that supports benefits under the demonstration project.

The *substitute amendment* repeals the requirement that the HIRSP Authority transfer moneys to DHFS for this demonstration project.

Legislative History

Senate Bill 226 was introduced by Senator Breske and cosponsored by Representative Frank Lasee. The Senate Committee on Transportation, Tourism, and Insurance, to which the bill was referred, recommended adoption of Senate Amendments 1, 3, and 4 to the bill, and then recommended passage, as amended, on a vote of Ayes, 7; Noes, 0. Senator Breske introduced Senate Substitute Amendment 1 to the bill. The Senate adopted the substitute amendment and passed the bill, as amended, both by voice vote.

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