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☞ Details: Legislative Audit Bureau Report 08-11 and 12: An Audit: Health Insurance Risk-Sharing Plan Authority, For the Six-Month Period Ended December 31, 2006 and For Calendar Year 2007

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2007-08

(session year)

Joint

(Assembly, Senate or Joint)

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- Miscellaneous ... **Misc**



STATE OF WISCONSIN

Legislative Audit Bureau

22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410
www.legis.wisconsin.gov/lab

Janice Mueller
State Auditor

DATE: October 28, 2008

TO: Nicole Hudzinski and Diane Handrick
Committee Clerks to the Joint Legislative Audit Committee

FROM: *Diana Allsen*
Diana Allsen
Financial Audit Director

SUBJECT: Reports 08-11 and 08-12: Audits of the Health Insurance Risk-Sharing Plan
for the Six-month Period Ended December 31, 2006, and for Calendar Year 2007

As required under s.13.94 (1)(dh), Wis. Stats., we performed a financial and compliance audit of the financial statements of the Health Insurance Risk-Sharing Plan (HIRSP) Authority for calendar year 2007 (report 08-12) and the six-month period ending December 31, 2006 (report 08-11), which represented a transition as the financial reporting period was changed from a fiscal year to a calendar year. Our audit also meets federal audit requirements for federal funds received by the HIRSP Authority.

HIRSP provides medical insurance for individuals unable to obtain private coverage. Over 17,100 policyholders were enrolled in the plan at December 31, 2007. The HIRSP Authority, which was created under 2005 Wisconsin Act 74 as a public body corporate and politic, assumed responsibility for HIRSP on July 1, 2006.

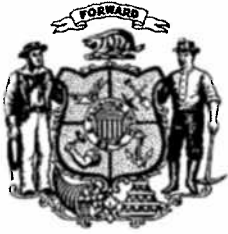
We are able to provide unqualified opinions on the HIRSP Authority's financial statements for each period audited. Similarly, we did not identify any significant concerns with the HIRSP Authority's administration of its federal grant, although we include a recommendation for the HIRSP Authority to work with the federal government to resolve a federal cash management issue. The HIRSP Authority has maintained a sound financial position, with a net increase in assets of \$6.8 million during 2007.

The reports will be released on Wednesday, October 29th, at 9:00 a.m. Please let us know if you have any questions.

DA/bm

Enclosures



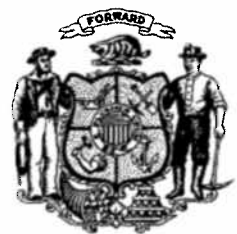


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State of Wisconsin - Legislative Reference Bureau
1 East Main Street, Suite 200
Madison, WI 53703



**Report 08-11
October 2008**

An Audit

**Health Insurance
Risk-Sharing Plan
Authority**

*For the Six-Month Period Ended
December 31, 2006*

2007-2008 Joint Legislative Audit Committee Members

Senate Members:

Jim Sullivan, Co-chairperson
Julie Lassa
Mark Miller
Alan Lasee
Robert Cowles

Assembly Members:

Suzanne Jeskewitz, Co-chairperson
Samantha Kerkman
Kitty Rhoades
David Cullen
Joe Parisi

LEGISLATIVE AUDIT BUREAU

The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law and that state agencies carry out the policies of the Legislature and the Governor. Audit Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

Reports are submitted to the Joint Legislative Audit Committee and made available to other committees of the Legislature and to the public. The Audit Committee may arrange public hearings on the issues identified in a report and may introduce legislation in response to the audit recommendations. However, the findings, conclusions, and recommendations in the report are those of the Legislative Audit Bureau. For more information, write the Bureau at 22 E. Mifflin Street, Suite 500, Madison, WI 53703, call (608) 266-2818, or send e-mail to leg.audit.info@legis.wisconsin.gov. Electronic copies of current reports are available at www.legis.wisconsin.gov/lab.

State Auditor – Janice Mueller

Audit Prepared by

Diann Allsen, *Director and Contact Person*

Aimee Wierzba

Justin Schroeder

Stephanie Kleine

Director of Publications – Jeanne Thieme
Report Design and Production – Susan Skowronski

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Janice Mueller
State Auditor

October 29, 2008

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Sullivan and Representative Jeskewitz:

We have completed a financial and compliance audit of the Wisconsin Health Insurance Risk-Sharing Plan (HIRSP) Authority for the six-month period ended December 31, 2006. This audit satisfies audit requirements under s. 13.94 (1)(dh), Wis. Stats. It also satisfies the HIRSP Authority's audit requirements under the federal Single Audit Act of 1984, as amended, and U.S. Office of Management and Budget Circular A-133. The six-month period represents a transition as the financial reporting period was changed from a fiscal year basis to a calendar year basis. We have also issued a separate audit report (08-12) on our audit of the HIRSP Authority for calendar year 2007.

The HIRSP Authority provides medical and prescription drug insurance for individuals who are unable to obtain coverage in the private market or who have lost employer-sponsored group health insurance. 2005 Wisconsin Act 74 made significant changes to the operations of HIRSP. Among the most significant was the creation of the HIRSP Authority, which assumed oversight responsibility from the Wisconsin Department of Health and Family Services (currently the Department of Health Services) on July 1, 2006.

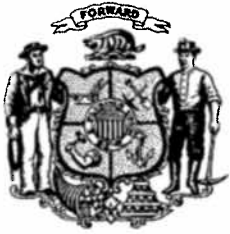
We have provided an unqualified opinion on the HIRSP Authority's financial statements. Our report also contains the auditor's reports on internal control over financial reporting and on compliance with program requirements, and our unqualified audit opinion on the HIRSP Authority's Schedule of Expenditures of Federal Awards. Overall, the HIRSP Authority has complied with federal grant requirements.

We appreciate the courtesy and cooperation extended to us by the HIRSP Authority and the plan administrator.

Respectfully submitted,

Janice Mueller
State Auditor

JM/DA/ss

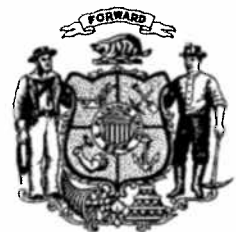


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1 East Main Street, Suite 200
Madison, WI 53703



**Report 08-12
October 2008**

An Audit

Health Insurance Risk-Sharing Plan Authority

For Calendar Year 2007

2007-2008 Joint Legislative Audit Committee Members

Senate Members:

Jim Sullivan, Co-chairperson
Julie Lassa
Mark Miller
Alan Lasee
Robert Cowles

Assembly Members:

Suzanne Jeskewitz, Co-chairperson
Samantha Kerkman
Kitty Rhoades
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Janice Mueller
State Auditor

October 29, 2008

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Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

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We have provided an unqualified audit opinion on the HIRSP Authority's 2007 financial statements. Our report also contains the auditor's reports on internal control over financial reporting and on compliance with program requirements, and our unqualified audit opinion on the HIRSP Authority's Schedule of Expenditures of Federal Awards. Overall, we did not identify any significant concerns, although we include a recommendation for the HIRSP Authority to work with the federal government to resolve a federal cash management issue.

The HIRSP Authority has maintained a sound financial position, with a net increase in assets of \$6.8 million during 2007. Following years of significant increases during the early 2000s, policyholder enrollment has decreased in recent years. As of December 31, 2007, 17,126 policyholders were enrolled in one of the HIRSP Authority's plans.

We appreciate the courtesy and cooperation extended to us by the HIRSP Authority and the plan administrator.

Respectfully submitted,

Janice Mueller
State Auditor

JM/DA/ss