

2009 DRAFTING REQUEST

Assembly Amendment (AA-AB100)

Received: **04/13/2009**

Received By: **tdodge**

Wanted: **Today**

Identical to LRB:

For: **Leah Vukmir (608) 266-9180**

By/Representing: **Dean Cady**

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

Drafter: **tdodge**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**

Extra Copies: **PJK**

Submit via email: **YES**

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

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Modifications to uniform application form for individual major medical health insurance policies.

Instructions:

See attached

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>
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/1			mduchek 04/13/2009	_____	cduerst 04/13/2009	cduerst 04/13/2009	

FE Sent For:

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FE Sent For:

WJ
<END>
4/13

Dodge, Tamara

From: Cady, Dean
Sent: Monday, April 13, 2009 3:48 PM
To: Kahler, Pam
Cc: Dodge, Tamara
Subject: Amendments to AB 100 & 108

Hi Pamela, this is dean from Rep. Vukmir's office. Per our brief discussion concerning the two Bills scheduled for executive session in the Assembly health and Health care Reform Cmte, AB 100 and AB 108, please see the following language Rep. Vukmir would like to have three amendments drafted for AB 100 and one drafted for AB 108, ready for introduction on Wed.:

AB 100 / amendment 1

INDIVIDUAL HEALTH POLICIES -- MODIFICATIONS AT RENEWALS

Of concern with this provision is the current practice by insurers relating to closed blocks. While we support your desire for change to ensure competitive insurance premiums for all, we believe the language as written will dramatically increase premiums for individuals in Wisconsin. The NAIC commissioned a study by the American Academy of Actuaries that looked at a proposal for closed blocks of business that would have had similar results as this proposal. It was shown that such an approach would increase health insurance premiums in the individual market by at least 50%.

Suggested Changes:

To address our concern, we would like to offer language used in Arkansas that addresses closed block and a solution that would have much less of a premium impact that as currently written. We would suggest you delete the provision as written and substitute it with the following language:

Plan modifications

632.7495 (1) (b) 2. The insurer shall, at the request of the insured individual, do the following:

- a. Provide access to any available lower cost benefit plan with reduced benefits and/or a higher deductible, without subjecting the individual covered under the individual health benefit plan to additional underwriting.*
- b. Provide coverage to the insured individual under a different individual health benefit plan offered by the insurer, subject to additional underwriting.*

Closing a block of health insurance business

(a) As used in this section:

(1) "Block of business" means a health benefit plan that includes distinct benefits, services, and terms issued by a carrier to one (1) or more individuals;

(2) "Closed block of business" means a block of business that a carrier ceases to actively sell to new applicants; and

(3)(A) "Health benefit plan" or "plan" means an individual expense-incurred hospital, medical, surgical, or dental policy, nonprofit health care corporation certificate, or health maintenance organization contract. Health benefit plan does not include accident-only, credit, or disability income insurance; long-term care insurance; coverage issued as a supplement to liability insurance; coverage only for a specified disease or illness; worker's compensation or similar insurance; or automobile medical-payment insurance.

(b) A carrier must pool a block of business after it has been closed for five years with all

other blocks of business that have been closed for at least five years for the purpose of determining the percentage premium rate increase of any health benefit plan within the closed block of business.

AB 100 / amendment 2

PJK

INDIVIDUAL HEALTH INSURANCE POLICIES -- PREEXISTING CONDITION EXCLUSIONS

The only concern we have with this provision is that it should not be applied to short term major medical policies. Again, we would suggest using a definition from Connecticut.

Suggested Changes:

We would like to offer the following definition used in Connecticut:

This provision does not apply to short term major medical plans, defined as short-term health insurance issued on a nonrenewable basis with a duration of twelve months or less.

AB 100 / amendment 3

INDIVIDUAL HEALTH INSURANCE POLICIES -- UNIFORM APPLICATION

JJD

We do have a concern with this provision as written. We are concerned that it will lead to the development of much longer application that what the market currently uses and therefore will be more confusing for consumers, rather than less confusing. We would suggest we use some of the similar language found in the California statutes as it relates to individual applications.

Suggested Changes:

Delete this provision and create the following language:

601.41 (10) APPLICATION FOR INDIVIDUAL MAJOR MEDICAL HEALTH INSURANCE POLICIES.

(a) The commissioner shall by rule develop for use by insurers a uniform application for individual major medical health insurance policies. The commissioner shall also by rule prescribe the format for the uniform application, which may not exceed 10 pages in length. The commissioner shall consult with insurers when developing the uniform application.

(b) Insurers shall have the option of accepting the uniform application or may use a company-specific application for individual major medical health insurance policies. All individual major medical health insurance policy applications that are not uniform applications must be approved for use by the commissioner. The insurance commissioner may develop rules to ensure that individual health insurance policy applications are clear and easy to understand.

(c) The commissioner shall also develop by rule a pool of health questions for the uniform application and insurers using the uniform application can only use the approved health questions in their application. Health insurers may submit additional questions to be used with the uniform applications, for approval by the commissioner. The commissioner shall consult with insurers when developing the pool of questions for the uniform application.

(d) The use of an individual major medical health insurance policy application does not limit the ability of an insurer to request or obtain additional information for underwriting purposes.

(e) The commissioner shall publish a notice in the Wisconsin Administrative Register stating the effective date of the rules promulgated under paras. (a) (b) and (c). Insurers who choose to accept the uniform application shall notify the commissioner in writing. The commissioner also shall develop rules to allow electronic use of the uniform application. The effective date for electronic use of the application will be no sooner than one-year following the effective date of the uniform application.

(f) For purposes of this subsection, an individual major medical health insurance policy includes health coverage provided on an individual basis. An individual major medical health insurance policy shall not include short-term limited duration health policy or certificate, limited health policy or certificate marketed on a basis other than major or comprehensive medical, an individually underwritten medical plan marketed or sold only to students, accident-only coverage, hospital or sickness fixed indemnity plans, specified disease or critical illness plans, individually underwritten medical plans not marketed as major medical coverage, credit health insurance, dental coverage or disability income insurance.

AB 108 / amendment 1

BK

INDEPENDENT REVIEW OF COVERAGE DENIAL DETERMINATIONS AND RESCISSIONS

We do have some concerns on expanding IER in a few areas. The first is that the provision should not apply to short term major-medical plans. The second area of concern is allowing IER on pre-existing condition denials for each claim, rather than for an episode of care or for a diagnosis.

Suggested Changes:

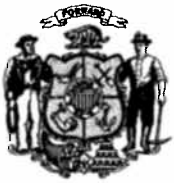
To address the concern of short term major medical policies, we would like to offer the following definition used in Connecticut:

This provision does not apply to short term major medical plans, defined as short-term health insurance issued on a nonrenewable basis with a duration of twelve months or less.

To address the concern of pre-existing condition denials, we would like to suggest that you include the following additional language:

An Independent External Review of a pre-existing condition denial determination shall include a review of the actual diagnosis and whether or not the condition manifested itself prior to the effective date of the policy. It shall not review the underlying claims submitted for that diagnosis.

Pamela, again, thank you so much, I know how busy you guys are right now. :)
deano



State of Wisconsin
2009 - 2010 LEGISLATURE

LRBa0199/7

TJD:f:...

WLj

RMNR

In: 4/13/09 (TODAY)

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT,
TO 2009 ASSEMBLY BILL 100**

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 2, line 2: delete "UNIFORM APPLICATION" and substitute "APPLICATION".

3 2. Page 2, line 2: after "INDIVIDUAL" insert "MAJOR MEDICAL".

4 ✓ 3. Page 2, line 3: delete the material beginning with that line and ending with
5 page 3, line 5, and substitute no 9

6 (a) The commissioner shall by rule develop for use by insurers a uniform
7 application for individual major medical health insurance policies. The
8 commissioner shall also by rule prescribe the format for the uniform application,
9 which may not exceed 10 pages in length. The commissioner shall consult with
10 insurers when developing the uniform application.

11 (b) An insurer may use the uniform application or the insurer's own application
12 for individual major medical health insurance policies. An insurer may not use an

1 application, other than the uniform application, unless it has been approved by the
2 commissioner. The commissioner may promulgate rules to ensure that individual
3 health insurance policy applications are clear and easy to understand.

4 (c) The commissioner shall by rule develop a pool of health questions for the
5 uniform application. Insurers using the uniform application shall use only the
6 approved health questions in an application. Insurers may submit application
7 questions to the commissioner to be used with the uniform application. The
8 commissioner shall consult with insurers when developing the pool of questions for
9 the uniform application.

10 (d) The use by an insurer of an individual major medical health insurance
11 policy application does not limit the ability of the insurer to request or obtain
12 additional information for underwriting purposes.

13 (e) The commissioner shall publish a notice in the Wisconsin Administrative
14 Register stating the effective date of the rules under pars. (a), (b), and (c). ^{IF an} ~~Insurers~~
15 ^{chooses} ~~that chooses~~ ^{the insurer} to use the uniform application shall notify the commissioner in writing.
16 The commissioner shall promulgate rules to allow electronic use of the uniform
17 application. The effective date for electronic use of the application may not be sooner
18 than one year following the effective date of the uniform application.

19 (f) This subsection does not apply to any of the following:

20 1. An individual disability insurance policy that is designed to provide only
21 short-term coverage.

22 2. A limited disability insurance policy or certificate marketed as other than
23 a major or comprehensive medical policy.

24 3. An individually underwritten medical plan marketed or sold only to
25 students.

