

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

LRB-0760/P1dn  
PJK&TJD:cjs:ph

April 7, 2011

In this draft, we retained from 2009 SB 707 the creation of the Small Business Health Options Program Authority and its duties and powers, but substituted the NAIC model language for the remainder of 2009 SB 707.

The main problem with incorporating the model language into SB 707 is the terminology. In SB 707, we created a small business exchange and an entity to operate it (the authority). The NAIC model leaves the establishment of the exchange up to the state, but what is being established appears to be the entity that operates the exchange. The model seems to use the term "exchange" to refer to both the exchange and the entity that operates the exchange. In addition, the form of the exchange is not entirely clear. The model provides that the "exchange" must "make qualified health plans available to qualified individuals *and* qualified employers," but the "exchange" also must "provide for the establishment of a SHOP Exchange." A drafting note provides that a state "may elect to operate a unified exchange by merging the SHOP Exchange and the Exchange for individual coverage." So it is unclear whether the "exchange" that the model continually refers to is an exchange for individual coverage that may be merged with the SHOP Exchange after the "exchange" establishes the SHOP Exchange.

Since in SB 707 the entity that operates the exchange is the authority, in this draft we substituted the word "authority" for most of the references to "exchange." In some cases, it seems appropriate because the reference in the model seems to be to the entity that operates the exchange, but in other cases it does not seem appropriate because the reference in the model seems to be to the exchange, itself. Would you like some of the references to "authority" to be changed to "exchange" and, if so, would you like us to determine which ones should be changed, or would you like to specify which ones?

We renamed the authority since it apparently is not exclusively operating a SHOP exchange.

Let us know how you would like to proceed, and if you want to retain any more of SB 707 than what is now included in this draft.

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

Tamara J. Dodge  
Legislative Attorney  
Phone: (608) 267-7380  
E-mail: [tamara.dodge@legis.wisconsin.gov](mailto:tamara.dodge@legis.wisconsin.gov)