



CR 93-63

State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Josephine W. Musser
Commissioner

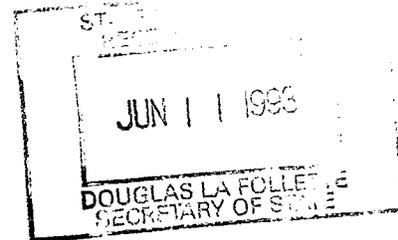
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STATE OF WISCONSIN)
OFFICE OF THE COMMISSIONER OF INSURANCE)



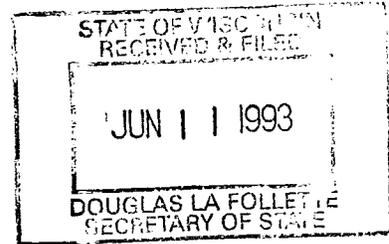
I, Josephine W. Musser, Commissioner of Insurance and custodian of the official records of this Office, certify that the attached rule-making order affecting sections Ins 18.07, Wis. Adm. Code relating to the rates to be charged for HIRSP from July 1, 1993 to June 30, 1994, was issued by this Office on June 11, 1993.

I further certify that I have compared this copy with the original on file in this Office and that it is a true copy of the whole of the original.

Dated at Madison, Wisconsin, on June 11, 1993.

Josephine W. Musser
Josephine W. Musser
Commissioner of Insurance

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ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

REPEALING AND RECREATING A RULE

To repeal and recreate Ins 18.07 (5) (b) and (bg) 1., relating to the rates to be charged for HIRSP from July 1, 1993, to June 30, 1994.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory authority: ss. 601.41 (3), 619.11 and 619.14 (5) (a), Stats.

Statutes Interpreted: ss. 619.12 (2) (e), 619.14 (5) (a), 619.165 (1) (b) and 619.17 (1) and (2), Stats.

The health insurance risk sharing plan (HIRSP) offers health insurance for persons who are unable to obtain, or who have difficulty in obtaining, insurance in the private market. The commissioner of insurance is required to set HIRSP premiums by rule. The schedule of premiums in this rule was approved by the HIRSP board of governors and meets the statutory requirement that rates be set at 60% of HIRSP's operating and administrative costs. The zones referred to in this revision are defined in s. Ins 18.07 (5) (br). In calculating the operating and administrative costs, the board of governors did not include the cost of the subsidy program which helps to fund

premium and deductible reductions for low income HIRSP insureds. The rule makes clear that subsidy costs are not included in rate-setting determinations, because these costs are recovered through special assessments on health insurers if the amounts appropriated by the legislature and collected as penalties from insurers are insufficient.

1991 Wisconsin Act 39, the biennial budget bill, amended the method of calculating premium reductions for low income individuals covered by HIRSP. Premium reductions are funded by a general purpose revenue appropriation, penalty assessments paid by insurers whose actions result in an individual's becoming eligible for HIRSP, and special assessments against insurers.

Under this new procedure, the premium reduction is based on a percentage of the rate a standard risk would be charged under an individual policy purchased from a private insurer that provides substantially the same coverage and deductibles as HIRSP provides. This rule updates the tables establishing those standard rates for individuals by age, sex and geographic location for the major medical plan offered by HIRSP for the 1993-94 policy year. The standard rates for HIRSP's medicare plan are 50% of the rates for the major medical plan. These standard rates were determined by the actuarial committee of the HIRSP board of governors. The rates established in the rule will be multiplied by the applicable statutory percentage to arrive at the premium charged to an individual eligible for a premium reduction.

SECTION 1. Section Ins 18.07 (5) (b) and (bg) 1. are repealed and recreated to read:

(b) The schedule of annual premiums for the period from July 1, 1993, to June 30, 1994, for persons not entitled to a premium reduction under

s. 619.165, Stats., is as follows:

MAJOR MEDICAL PLAN - Males

<u>Age Group</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
0-24	\$1,392	\$1,252	\$1,112
25-29	1,404	1,264	1,124
30-34	1,608	1,448	1,288
35-39	1,648	1,484	1,320
40-44	2,044	1,840	1,636
45-49	2,532	2,280	2,024
50-54	3,156	2,840	2,524
55-59	3,912	3,520	3,128
60-64	4,592	4,132	3,672

MAJOR MEDICAL PLAN - Females

<u>Age Group</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
0-18	\$1,392	\$1,252	\$1,112
19-24	1,900	1,712	1,520
25-29	1,908	1,716	1,528
30-34	2,136	1,924	1,708
35-39	2,168	1,952	1,736
40-44	2,464	2,216	1,972
45-49	2,816	2,536	2,252
50-54	3,200	2,880	2,560
55-59	3,620	3,260	2,896
60-64	4,032	3,628	3,224

MEDICARE PLAN - Males

<u>Age Group</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
0-24	\$1,136	\$1,136	\$1,024
25-29	1,136	1,136	1,024
30-34	1,136	1,136	1,024
35-39	1,136	1,136	1,024
40-44	1,136	1,136	1,024
45-49	1,268	1,140	1,024
50-54	1,580	1,420	1,440
55-59	1,956	1,760	1,564
60-64	2,296	2,068	1,836

MEDICARE PLAN - Females

<u>Age Group</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
0-18	\$1,136	\$1,136	\$1,024
19-24	1,136	1,136	1,024
25-29	1,136	1,136	1,024
30-34	1,136	1,136	1,024
35-39	1,136	1,136	1,024
40-44	1,232	1,136	1,024
45-49	1,408	1,268	1,128
50-54	1,600	1,440	1,280
55-59	1,812	1,632	1,448
60-64	2,016	1,816	1,612

(bg) 1. The annual rates applicable to standard risks under individual policies providing substantially the same coverage and deductibles as the plan's major medical plan for the period from July 1, 1993, to June 30, 1994, are as follows:

MAJOR MEDICAL PLAN - Males
(Base for Reduced Rates)

<u>Age Group</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
0-24	\$ 700.00	\$ 630.00	\$ 560.00
25-29	736.00	662.40	588.80
30-34	808.00	727.20	646.40
35-39	920.00	828.00	736.00
40-44	1,088.00	979.20	870.40
45-49	1,328.00	1,195.20	1,062.40
50-54	1,680.00	1,512.00	1,344.00
55-59	2,200.00	1,980.00	1,760.00
60-64	2,948.00	2,653.20	2,358.40

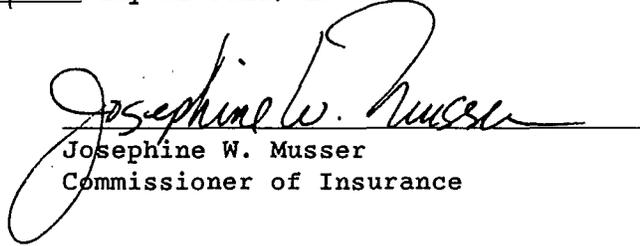
MAJOR MEDICAL PLAN - Females
(Base for Reduced Rates)

<u>Age Group</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
0-18	\$ 700.00	\$ 630.00	\$ 560.00
19-24	1,072.00	964.80	857.60
25-29	1,104.00	993.60	883.20
30-34	1,172.00	1,054.80	937.60
35-39	1,276.00	1,148.40	1,020.80
40-44	1,424.00	1,281.60	1,139.20
45-49	1,616.00	1,454.40	1,292.80
50-54	1,868.00	1,681.20	1,494.40
55-59	2,184.00	1,965.60	1,747.20
60-64	2,592.00	2,332.80	2,073.60

SECTION 2. INITIAL APPLICABILITY. This rule first applies to any HIRSP policy issued or renewed after June 30, 1993.

SECTION 3. EFFECTIVE DATE. This rule will take effect on the first day of the month beginning after publication, as provided in s. 227.22 (2) (intro.), Stats.

Dated at Madison, Wisconsin, this 11th day of June, 1993.


Josephine W. Musser
Commissioner of Insurance

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