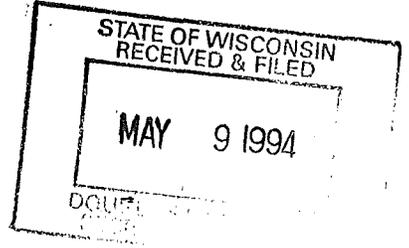


CR 94-7



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 ss. Ins 18.05, 18.07, and 18.12, Wis. Adm. Code, relating to 1994-95 premium rates for the Health Insurance Risk-sharing Plan, effective date of coverage, the method of determining eligibility for premium and deductible reductions, and voluntary termination of coverage, was issued by this office on April 28, 1994.

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, this 2nd day of May 1994.

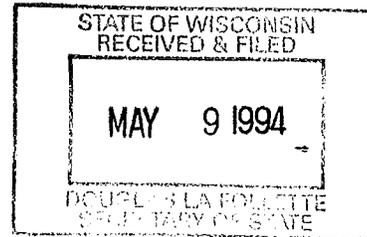
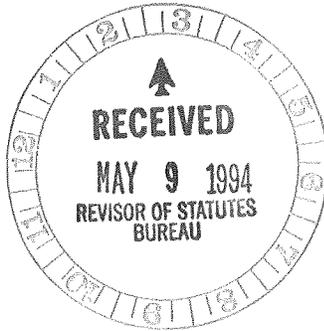
Josephine W. Musser

Josephine W. Musser
Commissioner of Insurance

45278T



7-1-94



ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

AMENDING AND REPEALING AND RECREATING A RULE

To amend Ins 18.05 (2) (b) and (4) and 18.12 (3) and (4) **Note**; and to repeal and recreate s. Ins 18.07 (5) (b) and (bg) 1 and 2, relating to 1994-95 premium rates for the health insurance risk-sharing plan, the effective date of coverage, the method of determining eligibility for premium and deductible reductions and voluntary termination of coverage.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory authority: ss. 601.41 (3), 619.11, 619.14 (5) (a) and 619.15 (5), Stats.

Statutes interpreted: ss. 619.12 (2) (e), 619.14 (5) (a) and (6), 619.165 (1) and 619.17 (1) and (2), Stats.

This rule makes a number of changes in the rules governing the administration of the health insurance risk-sharing plan (HIRSP), which offers health insurance for persons who are unable to obtain insurance or who have difficulty in obtaining it in the private market. The changes, as approved by HIRSP's board of governors, are as follows:

1994-95 Premiums

The HIRSP board is required to set the annual premiums by rule. The rates must be calculated in accordance with generally accepted actuarial principles and must be set at 60% of HIRSP's operating and administrative costs. This rule sets the premium rates for the year beginning July 1, 1994, for both the standard plan and the medicare plan for persons under age 65. For those persons not entitled to a premium reduction on the basis of low income, the rates represent an increase of 1% across the board.

For low-income persons entitled to a reduction, the premiums are based on a percentage (specified in the statutes) of the rate a standard risk would be charged under an individual policy providing substantially the same coverage and deductibles provided by HIRSP. This rule establishes the "standard risk" rate tables by age, sex and geographic location for the year beginning July 1, 1994, for use in calculating the reduced premiums. The increases average 3.2%.

Premium and Deductible Reductions: Income Reassessment

The statutes authorize the HIRSP board to establish and implement the method for determining the household income of an eligible individual. Under the current rule, the administering carrier determines eligibility based on the individual's household income as defined by the homestead credit law. This rule authorizes the HIRSP board to reassess the household income of an eligible person at any time during the policy term and to revise the person's premium and deductible for the remainder of the policy term. This provision will allow the board to take into consideration special circumstances affecting the person's household income in a particular year and to adjust a premium or deductible reduction based on financial hardship.

Effective Date of Coverage

This rule also amends an existing rule providing that a person certified as eligible for HIRSP coverage is eligible as of the date of application. Currently the rule does not prohibit a person certified as eligible from electing a future effective date, regardless of the date of eligibility. This allows an individual to apply for coverage, become certified as eligible, elect a future effective date, and thereby avoid paying a premium during HIRSP's statutory 6-month preexisting condition waiting period. This amendment specifies that HIRSP coverage for a person certified as eligible will begin on the date the administering carrier receives a complete application.

Voluntary Termination of Coverage

The statutes provide that a person who voluntarily terminates his or her HIRSP coverage is not eligible for coverage until 12 months have elapsed since the termination date. The current rule interpreting that statute provides that failure to pay the premium constitutes voluntary termination. There is no language permitting the board to exercise discretion when it receives an appeal from a person who has unintentionally missed a premium payment and wishes to continue his or her coverage uninterrupted. This rule allows the board to reinstate coverage when it determines that a person's failure to pay a premium was not intentional.

SECTION 1. Ins 18.05 (2) (b) and (4) are amended to read:

Ins 18.05 (2) (b) For purposes of s. 619.12 (2) (b) 1, Stats., a person is considered to have voluntarily terminated coverage under the plan if the policy terminates because of failure to pay the premium unless the board determines that the failure to pay was not intentional.

(4) DATE OF ELIGIBILITY. Except as provided in s. 619.14 (1) (b), Stats., ~~persons coverage for a person certified as eligible for the plan shall be deemed eligible for coverage from~~ begins on the date of the plan receives the person's complete application for coverage of the plan. Any individual anticipating termination under an individual plan or group health insurance policy or any other plan providing coverage similar to that under a health insurance policy, including medical assistance, may seek to establish eligibility for the plan prior to termination of existing coverage, in order to maintain continuous coverage to the greatest extent possible.

SECTION 2. Ins 18.07 (5) (b) and (bg) 1 and 2 are repealed and recreated to read:

Ins 18.07 (5) (b) The schedule of annual premiums for the period from July 1, 1994, to June 30, 1995, for persons not entitled to a premium reduction under s. 619.165, Stats., is as follows:

MAJOR MEDICAL PLAN - Males

<u>AGE</u>	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>ZONE 3</u>
0-18	\$1,404	\$1,260	\$1,128
19-24	1,404	1,260	1,128
25-29	1,416	1,272	1,140
30-34	1,620	1,464	1,296
35-39	1,668	1,500	1,332
40-44	2,064	1,860	1,656
45-49	2,556	2,304	2,040
50-54	3,192	2,868	2,556
55-59	3,948	3,552	3,156
60-64	4,632	4,164	3,708

MAJOR MEDICAL PLAN - Females

<u>AGE</u>	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>ZONE 3</u>
0-18	\$1,404	\$1,260	\$1,128
19-24	1,920	1,728	1,536
25-29	1,932	1,740	1,548
30-34	2,160	1,944	1,728
35-39	2,184	1,968	1,752
40-44	2,484	2,232	1,992
45-49	2,844	2,556	2,280
50-54	3,228	2,904	2,580
55-59	3,660	3,300	2,928
60-64	4,068	3,660	3,252

MEDICARE PLAN - Males

<u>AGE</u>	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>ZONE 3</u>
0-18	\$1,140	\$1,140	\$1,020
19-24	1,140	1,140	1,020
25-29	1,140	1,140	1,020
30-34	1,140	1,140	1,020
35-39	1,140	1,140	1,020
40-44	1,140	1,140	1,020
45-49	1,284	1,152	1,020
50-54	1,596	1,440	1,272
55-59	1,980	1,776	1,584
60-64	2,316	2,088	1,860

MEDICARE PLAN - Females

<u>AGE</u>	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>ZONE 3</u>
0-18	\$1,140	\$1,140	\$1,020
19-24	1,140	1,140	1,020
25-29	1,140	1,140	1,020
30-34	1,140	1,140	1,020
35-39	1,140	1,140	1,020
40-44	1,248	1,140	1,020
45-49	1,428	1,284	1,140
50-54	1,620	1,452	1,296
55-59	1,824	1,644	1,464
60-64	2,040	1,836	1,632

(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, 1994, to June 30, 1995, are as follows:

MAJOR MEDICAL PLAN - Males
(Base for Reduced Rates)

<u>AGE</u>	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>ZONE 3</u>
0-18	\$ 768	\$ 696	\$ 612
19-24	768	696	612
25-29	792	708	636
30-34	888	804	708
35-39	984	888	792
40-44	1,176	1,056	936
45-49	1,476	1,332	1,176
50-54	1,908	1,716	1,524
55-59	2,484	2,232	1,992
60-64	3,036	2,736	2,424

MAJOR MEDICAL PLAN - Females
(Base for Reduced Rates)

<u>AGE</u>	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>ZONE 3</u>
0-18	\$ 768	\$ 696	\$ 612
19-24	1,128	1,020	900
25-29	1,176	1,056	936
30-34	1,248	1,128	996
35-39	1,332	1,200	1,068
40-44	1,428	1,284	1,140
45-49	1,632	1,464	1,308
50-54	1,872	1,680	1,500
55-59	2,184	1,968	1,752
60-64	2,592	2,328	2,076

2. The annual rates applicable to standard risks under individual policies providing substantially the same coverage and deductibles as the

plan's medicare plan for the period from July 1, 1994, to June 30, 1995, are as follows:

MEDICARE PLAN - Males
(Base for Reduced Rates)

<u>AGE</u>	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>ZONE 3</u>
0-18	\$ 384	\$ 348	\$ 312
19-24	384	348	312
25-29	396	360	324
30-34	444	396	360
35-39	492	444	396
40-44	588	528	468
45-49	744	672	600
50-54	960	864	768
55-59	1,248	1,128	996
60-64	1,524	1,368	1,224

MEDICARE PLAN - Females
(Base for Reduced Rates)

<u>AGE</u>	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>ZONE 3</u>
0-18	\$ 384	\$ 348	\$ 312
19-24	564	504	456
25-29	588	528	468
30-34	624	564	504
35-39	672	600	540
40-44	720	648	576
45-49	816	732	648
50-54	936	840	744
55-59	1,092	984	876
60-64	1,296	1,164	1,032

SECTION 3. Ins 18.12 (3) is amended to read:

Ins 18.12 (3) CALCULATION OF PREMIUM AND DEDUCTIBLE REDUCTIONS. (a)

The method of base rates for calculating premium reductions under s. 619.165

(1), Stats., is set forth in s. Ins 18.07 (5) (bg) 1 and 2.

(b) The schedule of deductible reductions is set forth in s. 619.14

(5) (a), Stats.

(c) The board may reassess the household income of an eligible person at any time during the term of the person's policy. If an eligible person's household income changes during a policy term, the board may, if appropriate

under s. 619.165 (1) (b), Stats., revise the premium for the person in conformity with s. 619.165 (1) (b), Stats., and the deductible for the person under s. 619.14 (5) (a), Stats., for the remainder of the policy term. The revised premium and deductible shall take effect the first month beginning after the board's decision.

(d) The availability of premium and deductible reductions is based on the availability of funds as appropriated under s. 20.145 (7) (a) and (g), Stats.

SECTION 4. Ins 18.12 (4) Note is repealed and recreated to read:

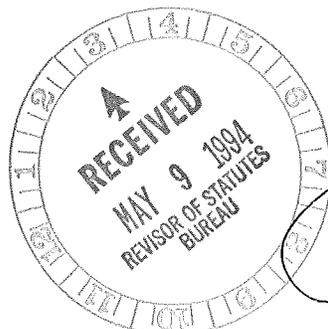
18.12 (4) **Note:** A person may obtain the supplemental application for premium and deductible reductions at no charge either at the Office of the Commissioner of Insurance, P. O. Box 7873, Madison, Wisconsin 53707-7873, or from Blue Cross & Blue Shield United of Wisconsin, P. O. Box 3015, Milwaukee, Wisconsin 53201-3015 (414-223-4021 or 1-800-828-4777).

SECTION 5. INITIAL APPLICABILITY. (1) Sections Ins 18.05 (2) (b) and (4) and 18.12 (3), as affected by this rule, first apply on July 1, 1994.

(2) Section Ins 18.07 (5) (b) and (bg) 1 and 2, as affected by this rule, first applies to any health insurance risk-sharing plan policy issued or renewed after June 30, 1994.

SECTION 6. EFFECTIVE DATE. This rule will take effect on the first day of the first month beginning after publication, as provided in s. 227.22 (2) (intro.), Stats.

Dated at Madison, Wisconsin, this 2nd day of May 1994.



Josephine W. Musser

Josephine W. Musser
Commissioner of Insurance