



**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1995 ASSEMBLY BILL 1044**

May 1, 1996 – Offered by JOINT COMMITTEE ON FINANCE.

1 **AN ACT** *to repeal* 20.145 (7), 71.65 (4), 71.78 (4) (i), 71.80 (13), subchapter I (title)
2 of chapter 619 [precedes 619.01], subchapter II of chapter 619 [precedes
3 619.10], 631.36 (7) (a) 1., 632.785 and 635.254 (3); **to renumber** subchapter I
4 of chapter 619 [precedes 619.01]; **to consolidate, renumber and amend**
5 631.36 (7) (a) (intro.) and 2.; **to amend** 185.983 (1) (intro.), 613.03 (3), 614.05
6 (1) and 631.36 (7) (b); and **to create** 20.145 (7) (b), 619.115, 619.14 (5) (am) and
7 619.14 (5) (e) of the statutes; **relating to:** mitigating the effects of a rate
8 increase under the health insurance risk-sharing plan, sunseting that plan,
9 requiring a study and proposed legislation for a replacement health care
10 program for that plan, providing an exemption from emergency rule procedures
11 and making an appropriation.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

12 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
13 the following amounts for the purposes indicated:

1995-96 1996-97**20.145 Insurance, office of the commissioner of**

(7) HEALTH INSURANCE RISK-SHARING PLAN
ADMINISTRATION

(b) Mitigation of rate increase GPR A -0- 1,500,000

SECTION 2. 20.145 (7) of the statutes, as affected by 1995 Wisconsin Act (this act), is repealed.

SECTION 3. 20.145 (7) (b) of the statutes is created to read:

20.145 (7) (b) *Mitigation of rate increase.* The amounts in the schedule for the purpose specified in s. 619.14 (5) (am).

SECTION 4. 71.65 (4) of the statutes is repealed.

SECTION 5. 71.78 (4) (i) of the statutes is repealed.

SECTION 6. 71.80 (13) of the statutes is repealed.

SECTION 7. 185.983 (1) (intro.) of the statutes, as affected by 1995 Wisconsin Act 289, is amended to read:

185.983 (1) (intro.) Every such voluntary nonprofit sickness care plan shall be exempt from chs. 600 to 646, with the exception of ss. 601.04, 601.13, 601.31, 601.41, 601.42, 601.43, 601.44, 601.45, 611.67, 619.04, 628.34 (10), 631.89, 631.93, 632.72 (2), 632.745, 632.747, 632.749, 632.775, 632.79, 632.795, 632.87 (2m), (3), (4) and (5), 632.895 (5), (9) and (10), 632.896 and 632.897 (10), ~~subch. II of ch. 619~~ and chs. 609, 630, 635, 645 and 646, but the sponsoring association shall:

SECTION 8. 613.03 (3) of the statutes is amended to read:

613.03 (3) **APPLICABILITY OF INSURANCE LAWS.** Except as otherwise specifically provided, service insurance corporations organized or operating under this chapter

1 are subject to ~~subch. II of ch. 619~~ and ss. 610.01, 610.11, 610.21, 610.23 and 610.24
2 and chs. 600, 601, 609, 617, 620, 623, 625, 627, 628, 631, 632, 635 and 645 and to no
3 other insurance laws.

4 **SECTION 9.** 614.05 (1) of the statutes, as affected by 1995 Wisconsin Act 27, is
5 amended to read:

6 614.05 (1) CHAPTERS 611 AND 619. No section of ch. 611 or ~~subch. I of ch. 619~~
7 applies to fraternal unless it is specifically made applicable by this chapter.

8 **SECTION 10.** Subchapter I (title) of chapter 619 [precedes 619.01] of the statutes
9 is repealed.

10 **SECTION 11.** Subchapter I of chapter 619 [precedes 619.01] of the statutes is
11 renumbered chapter 619.

12 **SECTION 12.** Subchapter II of chapter 619 [precedes 619.10] of the statutes, as
13 affected by 1995 Wisconsin Acts 27 and (this act), is repealed.

14 **SECTION 13.** 619.115 of the statutes is created to read:

15 **619.115 Replacement and repeal of plan.** If before January 1, 1998, the
16 commissioner determines that a health care program that replaces the plan is
17 enacted into law in this state and is operational, on January 1, 1998, the
18 commissioner shall certify in writing that determination to the revisor of statutes.
19 Upon receiving the certification, the revisor of statutes shall publish notice in the
20 Wisconsin administrative register of the determination, the date of the certification
21 and that on the date of the certification this subchapter is repealed.

22 **SECTION 14.** 619.14 (5) (am) of the statutes is created to read:

23 619.14 (5) (am) The commissioner shall use the moneys appropriated under s.
24 20.145 (7) (b) to mitigate the effects of a rate increase on July 1, 1996, on eligible
25 persons who do not receive a premium subsidy under s. 619.165 and who have a

1 household income, as defined in s. 71.52 (5), that is less than an amount determined
2 by the commissioner, except that the amount may not exceed \$40,000. The
3 commissioner may use the moneys to mitigate the effects through any means that
4 the commissioner determines is appropriate.

5 **SECTION 15.** 619.14 (5) (e) of the statutes is created to read:

6 619.14 (5) (e) Using the procedure under s. 227.24, the commissioner may
7 promulgate rules under par. (a) for the schedule of premiums for the period before
8 the effective date of any permanent rules promulgated under par. (a) for the schedule
9 of premiums, but not to exceed the period authorized under s. 227.24 (1) (c) and (2).
10 Notwithstanding s. 227.24 (1) and (3), the commissioner is not required to make a
11 finding of emergency.

12 **SECTION 16.** 631.36 (7) (a) (intro.) and 2. of the statutes are consolidated,
13 renumbered 631.36 (7) (a) and amended to read:

14 631.36 (7) (a) Notice of cancellation or nonrenewal required under sub. (2) (b)
15 or (4) is not effective: ~~2. Unless~~ unless the notice contains adequate instructions to
16 the policyholder for applying for insurance through a risk-sharing plan under ~~subch.~~
17 ~~I of ch. 619~~, if a risk-sharing plan exists under ~~subch. I of ch. 619~~ for the kind of
18 coverage being canceled or nonrenewed, except as provided in par. (b).

19 **SECTION 17.** 631.36 (7) (a) 1. of the statutes is repealed.

20 **SECTION 18.** 631.36 (7) (b) of the statutes is amended to read:

21 631.36 (7) (b) Paragraph (a) ~~2.~~ does not apply to a notice of cancellation or
22 nonrenewal issued by the mandatory health care liability risk-sharing plan
23 established under s. 619.04.

24 **SECTION 19.** 632.785 of the statutes is repealed.

25 **SECTION 20.** 635.254 (3) of the statutes is repealed.

SECTION 21. Nonstatutory provisions.**(1) STUDY ON REPLACEMENT FOR THE HEALTH INSURANCE RISK-SHARING PLAN.**

(a) The office of the commissioner of insurance and the department of health and family services shall conduct a study for the purpose of establishing a replacement health care program for the health insurance risk-sharing plan under subchapter II of chapter 619 of the statutes, as affected by this act. The study shall include an examination of all of the following:

1. The feasibility of establishing a basic health insurance plan for different groups of people, including low-income persons, persons with coverage under the health insurance risk-sharing plan and recipients of medical assistance or of health care benefits under another public assistance program.

2. The feasibility of providing health care coverage for persons with coverage under the health insurance risk-sharing plan under the Wisconsin works health plan or under a health care plan under subchapter IV of chapter 40 of the statutes covering state employees.

3. The availability of medical assistance block grants from the federal government and whether those block grants, if established before the completion of the study, could be used to provide coverage for persons with coverage under the health insurance risk-sharing plan.

4. The feasibility of providing funding for the replacement health care program through a surcharge on health care providers that could be passed on by the health care providers to 3rd-party payers and others.

5. Whether the replacement health care program should be required to use managed care and whether health maintenance organizations should be required to provide coverage under the replacement health care program as a condition of

1 providing coverage to state employees under a health care plan under subchapter IV
2 of chapter 40 of the statutes.

3 6. Whether, and what types of, health insurance market reforms would
4 alleviate some or all of the need for a replacement health care program.

5 7. The benefits to be provided, and the reimbursement rates for health care
6 providers, under the replacement health care program.

7 8. Whether administrative savings could be achieved by administering the
8 replacement health care program jointly with another public health care program or
9 plan.

10 (b) No later than February 1, 1997, the office and the department shall submit
11 to the legislature in the manner provided under section 13.172 (2) of the statutes a
12 report of the study and proposed legislation establishing and implementing a
13 replacement health care program for the health insurance risk-sharing plan under
14 subchapter II of chapter 619 of the statutes, as affected by this act.

15 **SECTION 22. Effective dates.** This act takes effect on the day after
16 publication, except as follows:

17 (1) **REPEAL OF HEALTH INSURANCE RISK-SHARING PLAN.** The treatment of sections
18 71.65 (4), 71.78 (4) (i), 71.80 (13), 185.983 (1) (intro.), 613.03 (3), 614.05 (1), 631.36
19 (7) (a) (intro.), 1. and 2. and (b), 632.785 and 635.254 (3) of the statutes, the repeal
20 of section 20.145 (7) and subchapters I (title) and II of chapter 619 of the statutes and
21 the renumbering of subchapter I of chapter 619 of the statutes take effect on the day
22 on which the commissioner of insurance makes the certification to the revisor of
23 statutes under section 619.115 of the statutes, as created by this act.

24 (END)