



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBs0204/1
PJK&RJM:wlj&kjf:pg

**SENATE SUBSTITUTE AMENDMENT 1,
TO 2003 SENATE BILL 204**

October 13, 2003 – Offered by COMMITTEE ON HEALTH, CHILDREN, FAMILIES, AGING
AND LONG TERM CARE.

- 1 **AN ACT to create** 185.99 of the statutes; **relating to:** authorizing a health benefit
2 purchasing cooperative pilot project.

Analysis by the Legislative Reference Bureau

This substitute amendment authorizes a pilot project in which one nonstock health benefit purchasing cooperative (cooperative) may be organized in each of five geographic areas of the state that are designated by the Commissioner of Insurance (commissioner) by order. A cooperative may be organized by one or more persons, which the substitute amendment defines as any type of business, an association, a trade or labor organization, a municipality, or a self-employed individual. Any person that does business in, is located in, has a principal office in, or resides in a geographic area in which a cooperative is organized, that meets the membership criteria established by the cooperative in its bylaws, and that pays the membership fee may be a member of the cooperative organized in that geographic area.

The purpose of the cooperatives is to provide health care benefits to the employees, members, and officers of the members of each cooperative and to their dependents through a three-year contract with an insurer. The health insurance risk of all cooperative members is pooled; the members are actively involved in designing the health care benefit options offered by the insurer; and all members purchase their health care benefits from the insurer.

Each cooperative must submit to the legislature and to the commissioner an annual report on the progress of the health benefit purchasing arrangement and,

within a year after the end of the three-year contract term, a report on the significant findings from the project, including the effects on group health care coverage premiums and the number of uninsured in the geographic area of the cooperative.

The substitute amendment also authorizes any state agency to seek federal or private funding that may be used to support the activities of the project.

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

1 **SECTION 1.** 185.99 of the statutes is created to read:

2 **185.99 Health benefit purchasing cooperatives. (1) DEFINITIONS.** In this
3 section:

4 (a) “Commissioner” means the commissioner of insurance.

5 (b) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

6 (c) “Person” means any corporation, limited liability company, partnership,
7 cooperative, association, trade or labor organization, city, village, town, county, or
8 self-employed individual.

9 **(2) ORGANIZATION AND PURPOSE.** (a) Notwithstanding s. 185.02, one health
10 benefit purchasing cooperative may be organized under this chapter before the first
11 day of the 49th month beginning after the effective date of this subsection [revisor
12 inserts date], in each of the 5 geographic areas designated under sub. (6).
13 Notwithstanding s. 185.043, each health benefit purchasing cooperative may be
14 formed by one or more persons.

15 (b) The purpose of a health benefit purchasing cooperative is to provide health
16 care benefits for the individuals specified in sub. (4) (a) 1. to 3., through a contract
17 with an insurer authorized to do business in this state in one or more lines of
18 insurance that includes health insurance.

1 (c) A health benefit purchasing cooperative shall be designed so that all of the
2 following are accomplished:

3 1. The members become better informed about health care trends and cost
4 increases.

5 2. All members purchase their health care benefits from the same insurer.

6 3. The members are actively engaged in designing health care benefit options
7 that are offered by the insurer and that meet the needs of their community.

8 4. The health insurance risk of all of the members is pooled.

9 5. The members actively participate in health improvement decisions for their
10 community.

11 **(2m)** TEMPORARY BOARD OF DIRECTORS. Notwithstanding s. 185.05 (1) (m), the
12 articles of a health benefit purchasing cooperative shall set forth the name and
13 address of at least one incorporator who will act as the temporary board.

14 **(3)** COOPERATIVE MEMBERSHIP. (a) Notwithstanding s. 185.11 (1), each health
15 benefit purchasing cooperative shall be organized on a membership basis with no
16 capital stock.

17 (b) Subject to par. (c), any person that does business in, is located in, has a
18 principal office in, or resides in the geographic area in which a health benefit
19 purchasing cooperative is organized, that meets the membership criteria established
20 by the health benefit purchasing cooperative in its bylaws, and that pays the
21 membership fee may be a member of the health benefit purchasing cooperative.

22 (c) A health benefit cooperative may limit membership of self-employed
23 individuals through its membership criteria, but such criteria must be applied in the
24 same manner to all self-employed individuals.

1 (d) Each health benefit purchasing cooperative shall file its membership
2 criteria, as well as any amendments to the criteria, with the commissioner.

3 **(4) HEALTH CARE BENEFITS.** (a) The health care benefits offered by a health
4 benefit purchasing cooperative shall be negotiated between the health benefit
5 purchasing cooperative and the insurer. The insurer must offer coverage to all of the
6 following:

7 1. An individual who is a member, officer, or eligible employee of a member of
8 the health benefit purchasing cooperative.

9 2. A self-employed individual who is a member of the health benefit purchasing
10 cooperative.

11 3. A dependent of an individual under subd. 1. or 2. who receives coverage.

12 (b) The contract between the members of a health benefit purchasing
13 cooperative and an insurer shall be for a term of 3 years. Upon enrollment in the
14 insurer's health benefit plan, each member shall pay to the health benefit
15 purchasing cooperative an amount determined by the health benefit purchasing
16 cooperative that is not less than the member's applicable premium for the 36th
17 month of coverage under the contract. If a member withdraws from the health
18 benefit purchasing cooperative before the end of the contract term, the health benefit
19 purchasing cooperative may retain, as a penalty, an amount specified by the health
20 benefit purchasing cooperative that is not less than the premium that the member
21 paid for the 36th month of coverage.

22 **(5) ADDITIONAL REQUIRED REPORTS.** Each health benefit purchasing cooperative
23 shall submit to the legislature under s. 13.172 (2) and to the commissioner all of the
24 following:

1 (a) Annually, no later than September 30, a report on the progress of the health
2 benefit purchasing arrangement described in this section and, to the extent possible,
3 any significant findings in the criteria under par. (b) 1. to 3.

4 (b) Within one year after the end of the term of the contract under sub. (4) (b),
5 a final report that details significant findings from the project and that includes, at
6 a minimum, to the extent available, information on all of the following:

7 1. The extent to which the health benefit purchasing arrangement had an
8 impact on the number of uninsured in the geographic area in which it operated.

9 2. The effect on health care coverage premiums for groups in the geographic
10 area in which the health benefit purchasing arrangement operated, including groups
11 other than the health benefit purchasing cooperative.

12 3. The degree to which health care consumers were involved in the
13 development and implementation of the health benefit purchasing arrangement.

14 **(6) DESIGNATION OF GEOGRAPHIC AREAS.** After consultation with the Wisconsin
15 Federation of Cooperatives, the commissioner shall designate, by order, the 5
16 geographic areas of the state in which health benefit purchasing cooperatives may
17 be organized. A geographic area may overlap with one or more other geographic
18 areas.

19 **SECTION 2. Nonstatutory provisions.**

20 (1) Any state agency may seek federal or private funding that may be used to
21 support the activities of the project under section 185.99 of the statutes, as created
22 by this act.

23 **(END)**