



**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2007 ASSEMBLY BILL 445**

September 6, 2007 – Offered by Representative F. LASEE.

1 **AN ACT to repeal** 20.145 (5), 149.14 (2) (c) 2., 149.165 (2) (bc) and subchapter IV
2 of chapter 149 [precedes 149.60]; **to renumber** 149.14 (2) (c) 1.; **to renumber**
3 **and amend** 149.12 (2) (e) and 149.165 (2) (a); **to amend** 25.14 (1) (a) (intro.),
4 149.11 (2) (a) 1., 149.11 (2) (b), 149.13 (3) (a), 149.14 (3) (intro.), 149.14 (5) (a),
5 149.142 (1), 149.143 (1) (intro.), 149.143 (2) (intro.) and 149.165 (3m); **to repeal**
6 **and recreate** 149.11 (2) (a) 3.; and **to create** 25.17 (63), 40.02 (54) (L), 149.12
7 (2) (e) 2. and 149.14 (3c) of the statutes; **relating to:** changes to the Health
8 Insurance Risk-Sharing Plan.

Analysis by the Legislative Reference Bureau

Under current law, the Health Insurance Risk-Sharing Plan (HIRSP) Authority administers HIRSP, which provides health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for human immunodeficiency virus (HIV), persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition, and persons who do not currently have health insurance coverage, but who were covered under certain types

of health insurance coverage (creditable coverage) for at least 18 months in the past. HIRSP is funded by premiums paid by covered persons, insurer assessments, and provider payment discounts.

This substitute amendment makes the following changes to HIRSP and the HIRSP Authority:

1. Under current law, the Wisconsin Retirement System (WRS) provides pension plan and health care coverage for most public employees in this state, including most authorities. This substitute amendment provides that the HIRSP Authority is covered under the WRS in the same manner as state agencies. The substitute amendment also provides that current HIRSP Authority employees are immediately eligible to receive employer contributions toward the payment of their health care premiums. Currently, employees of state agencies, with a couple of exceptions, must first be employed for six months by the state agency before becoming eligible for the employer contribution.

2. The substitute amendment requires the Investment Board, if requested by the HIRSP Authority, to invest funds of the HIRSP Authority in the state investment fund. The substitute amendment further permits the HIRSP Authority to participate in the local government pooled-investment fund.

3. Currently, insurer assessments and federal high risk pool grant moneys are paid to the Office of the Commissioner of Insurance and then to the HIRSP Authority. Under the substitute amendment those payments go directly to the HIRSP Authority.

4. Currently, to receive payment under HIRSP, all providers of services and articles must be certified to provide those services and articles under the Medical Assistance (MA) program. The substitute amendment makes an exception from this requirement for prescription drugs that are provided by a network of pharmacies that are approved by the HIRSP Authority Board of Directors. In addition, the substitute amendment authorizes the HIRSP Authority to certify providers on a temporary basis to provide services or articles to HIRSP enrollees. These providers would not be certified to provide services and articles under MA; they would have to be licensed to provide the services or articles that they are providing to HIRSP enrollees but not necessarily licensed in this state; and the certification could be done retroactively after the services or articles were provided.

5. Currently, payments to providers must consist of the allowable charges for services and articles under MA with an enhancement determined by the HIRSP Authority. The adjustments must take into account provider discounts. The substitute amendment requires payments to providers to consist of usual and customary payment rates, determined by the HIRSP Authority, with adjustments that take into account provider discounts.

6. Under current law, HIRSP enrollees with incomes below a specified level who are covered under certain HIRSP coverage options are eligible for premium and deductible subsidies. The substitute amendment makes all persons with coverage under HIRSP with incomes below that specified level eligible for the premium and deductible subsidies.

7. For HIRSP enrollees who receive premium subsidies, current law describes the amount of the reduction in an enrollee's premium in terms of requiring an enrollee's regular HIRSP premium to be reduced to a specified percentage of the rate that a standard risk would be charged under an individual policy providing substantially the same coverage and deductibles as HIRSP. The substitute amendment changes the way the premium reduction is described by establishing discounts, so that an enrollee's regular premium is reduced by a specified percentage of the premium, such as 30 percent or 20 percent.

8. Under current law, the HIRSP Authority is required to design and administer a Health Care Tax Credit Program that satisfies requirements under federal law enabling persons covered under this health care program to receive an income tax credit for a portion of premiums paid for the coverage. The HIRSP Authority has determined that such a health care program would not be economically feasible as a stand-alone program. The substitute amendment repeals the requirement for the HIRSP Authority to design and administer the program.

9. Under current law, with certain exceptions, anyone who is eligible for certain types of health care coverage provided by an employer is ineligible for coverage under HIRSP. The substitute amendment authorizes the HIRSP Authority Board to specify other exceptions, subject to the approval of the Commissioner of Insurance.

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

1 **SECTION 1.** 20.145 (5) of the statutes is repealed.

2 **SECTION 2.** 25.14 (1) (a) (intro.) of the statutes is amended to read:

3 25.14 (1) (a) (intro.) There is created a state investment fund under the
4 jurisdiction and management of the board to be operated as an investment trust for
5 the purpose of managing the securities of all funds that are required by law to be
6 invested in the state investment fund and all of the state's funds ~~consisting of the~~
7 ~~funds~~ specified in s. 25.17 (1), except all of the following:

8 **SECTION 3.** 25.17 (63) of the statutes is created to read:

9 25.17 (63) If requested by the Health Insurance Risk-Sharing Plan Authority,
10 invest funds of the Health Insurance Risk-Sharing Plan Authority in the state
11 investment fund.

12 **SECTION 4.** 40.02 (54) (L) of the statutes is created to read:

1 40.02 (54) (L) The Health Insurance Risk-Sharing Plan Authority.

2 **SECTION 5.** 149.11 (2) (a) 1. of the statutes is amended to read:

3 149.11 (2) (a) 1. Insurer assessments under s. 149.13, ~~paid to the authority~~
4 ~~under s. 20.145 (5) (g).~~

5 **SECTION 6.** 149.11 (2) (a) 3. of the statutes is repealed and recreated to read:

6 149.11 (2) (a) 3. Moneys received from the federal government in high risk pool
7 grants.

8 **SECTION 7.** 149.11 (2) (b) of the statutes is amended to read:

9 149.11 (2) (b) The authority controls the assets of the fund ~~and shall select~~
10 ~~regulated financial institutions in this state that receive deposits in which to~~
11 ~~establish and maintain accounts for assets needed on a current basis. If practicable,~~
12 ~~the accounts shall earn interest.~~

13 **SECTION 8.** 149.12 (2) (e) of the statutes is renumbered 149.12 (2) (e) 1. and
14 amended to read:

15 149.12 (2) (e) 1. ~~No Subject to subd. 2., no~~ person who is eligible for creditable
16 coverage, other than those benefits specified in s. 632.745 (11) (b) 1. to 12., that is
17 provided by an employer on a self-insured basis or through health insurance is
18 eligible for coverage under the plan.

19 **SECTION 9.** 149.12 (2) (e) 2. of the statutes is created to read:

20 149.12 (2) (e) 2. The board may specify, subject to the approval of the
21 commissioner, other types of coverage provided by an employer that do not render
22 a person ineligible for coverage under the plan.

23 **SECTION 10.** 149.13 (3) (a) of the statutes is amended to read:

24 149.13 (3) (a) Each insurer's proportion of participation under sub. (2) shall be
25 determined annually by the commissioner based on annual statements and other

1 reports filed by the insurer with the commissioner. The commissioner shall assess
2 an insurer for the insurer's proportion of participation based on the total
3 assessments estimated by the authority. An insurer shall pay the amount of the
4 assessment directly to the authority.

5 **SECTION 11.** 149.14 (2) (c) 1. of the statutes is renumbered 149.14 (2) (c).

6 **SECTION 12.** 149.14 (2) (c) 2. of the statutes is repealed.

7 **SECTION 13.** 149.14 (3) (intro.) of the statutes is amended to read:

8 149.14 (3) COVERED EXPENSES. (intro.) Covered expenses for coverage under the
9 plan shall be the payment rates established by the authority for services provided
10 by persons licensed under ch. 446 and certified under s. 49.45 (2) (a) 11. Covered
11 expenses for coverage under the plan shall also be the payment rates established by
12 the authority for, at a minimum, the following services and articles if the service or
13 article is prescribed by a physician who is licensed under ch. 448 or in another state
14 and who is certified under s. 49.45 (2) (a) 11. and if the service or article, except for
15 prescription drugs that are provided by a network of pharmacies approved by the
16 board, is provided by a provider certified under s. 49.45 (2) (a) 11.:

17 **SECTION 14.** 149.14 (3c) of the statutes is created to read:

18 149.14 (3c) TEMPORARY PROVIDER CERTIFICATION. Notwithstanding the provider
19 licensing and certification requirements under sub. (3) (intro.), for coverage of
20 services or articles provided to an eligible person the authority may certify on a
21 temporary basis a provider that is not licensed under ch. 446 or 448 but that is
22 licensed in another state to provide the service or article, or a provider that is not
23 certified under s. 49.45 (2) (a) 11. The certification under this subsection may be
24 retroactive.

25 **SECTION 15.** 149.14 (5) (a) of the statutes is amended to read:

1 149.14 (5) (a) The authority shall establish and provide subsidies for
2 deductibles paid by eligible persons with coverage under ~~s. 149.14 (2) (a) and~~
3 household incomes specified in s. 149.165 (2) (a) ~~1. to 5 to (e).~~

4 **SECTION 16.** 149.142 (1) of the statutes is amended to read:

5 149.142 (1) ESTABLISHMENT OF RATES. The authority shall establish provider
6 payment rates for covered expenses that consist of the ~~allowable charges paid under~~
7 ~~s. 49.46 (2) usual and customary payment rates, as determined by the authority, for~~
8 the services and articles provided plus an ~~enhancement~~ adjustment determined by
9 the authority. ~~The rates shall be based on the allowable charges paid under s. 49.46~~
10 ~~(2), projected plan costs, and trend factors. Using the same methodology that applies~~
11 ~~to medical assistance under subch. IV of ch. 49, the authority shall establish hospital~~
12 ~~outpatient per visit reimbursement rates and hospital inpatient reimbursement~~
13 ~~rates that are specific to diagnostically related groups of eligible persons. The~~
14 adjustments to the usual and customary rates shall be sufficient to cover the portion
15 of plan costs specified in s. 149.143 (1) (c) and (2) (b).

16 **SECTION 17.** 149.143 (1) (intro.) of the statutes is amended to read:

17 149.143 (1) COSTS EXCLUDING SUBSIDIES. (intro.) The authority shall pay plan
18 costs, excluding any premium, deductible, and copayment subsidies, first from any
19 federal funds, ~~if any, that are transferred to the fund under s. 20.145 (5) (m) and~~
20 ~~under s. 149.11 (2) (a) 3.~~ that exceed premium, deductible, and copayment subsidy
21 costs in a policy year. The remainder of the plan costs, excluding premium,
22 deductible, and copayment subsidy costs, shall be paid as follows:

23 **SECTION 18.** 149.143 (2) (intro.) of the statutes is amended to read:

24 149.143 (2) SUBSIDY COSTS. (intro.) The authority shall pay for premium,
25 deductible, and copayment subsidies in a policy year first from any federal funds, ~~if~~

1 ~~any, that are transferred to the fund under s. 20.145 (5) (m) under s. 149.11 (2) (a)~~
2 ~~3. received~~ in that year. The remainder of the subsidy costs shall be paid as follows:

3 **SECTION 19.** 149.165 (2) (a) of the statutes is renumbered 149.165 (2) and
4 amended to read:

5 149.165 (2) Subject to sub. (3m), if the household income, as defined in s. 71.52
6 (5) and as determined under sub. (3), of an eligible person ~~with coverage under s.~~
7 ~~149.14 (2) (a)~~ is equal to or greater than the first amount and less than the 2nd
8 amount listed in any of the following, the authority shall reduce the premium for the
9 eligible person ~~to the rate~~ by the percentage of the premium shown after the
10 amounts:

11 (a) If equal to or greater than \$0 and less than \$10,000, ~~to 100% of the rate that~~
12 ~~a standard risk would be charged under an individual policy providing substantially~~
13 ~~the same coverage and deductibles as provided under s. 149.14 (2) (a) and (5) (a) by~~
14 at least 30 percent.

15 (b) If equal to or greater than \$10,000 and less than \$14,000, ~~to 106.5% of the~~
16 ~~rate that a standard risk would be charged under an individual policy providing~~
17 ~~substantially the same coverage and deductibles as provided under s. 149.14 (2) (a)~~
18 ~~and (5) (a) by~~ at least 25 percent.

19 (c) If equal to or greater than \$14,000 and less than \$17,000, ~~to 115.5% of the~~
20 ~~rate that a standard risk would be charged under an individual policy providing~~
21 ~~substantially the same coverage and deductibles as provided under s. 149.14 (2) (a)~~
22 ~~and (5) (a) by~~ at least 20 percent.

23 (d) If equal to or greater than \$17,000 and less than \$20,000, ~~to 124.5% of the~~
24 ~~rate that a standard risk would be charged under an individual policy providing~~

1 substantially the same coverage and deductibles as provided under s. 149.14 (2) (a)
2 and (5) (a) by at least 15 percent.

3 (e) If equal to or greater than \$20,000 and less than \$25,000, ~~to 130% of the rate~~
4 ~~that a standard risk would be charged under an individual policy providing~~
5 ~~substantially the same coverage and deductibles as provided under s. 149.14 (2) (a)~~
6 ~~and (5) (a) by at least 10 percent.~~

7 **SECTION 20.** 149.165 (2) (bc) of the statutes is repealed.

8 **SECTION 21.** 149.165 (3m) of the statutes is amended to read:

9 149.165 (3m) The authority may approve adjustment of the household income
10 dollar amounts listed in sub. (2) (a) ~~1. to 5. to (e)~~, except for the first dollar amount
11 listed in sub. (2) (a) ~~1.~~, to reflect changes in the consumer price index for all urban
12 consumers, U.S. city average, as determined by the U.S. department of labor.

13 **SECTION 22.** Subchapter IV of chapter 149 [precedes 149.60] of the statutes is
14 repealed.

15 **SECTION 23. Nonstatutory provisions.**

16 (1) PAYMENT OF HEALTH INSURANCE PREMIUMS FOR EMPLOYEES OF THE HEALTH
17 INSURANCE RISK-SHARING PLAN AUTHORITY. Notwithstanding section 40.05 (4) (a) 2.
18 of the statutes, for an insured employee, as defined in section 40.02 (39) of the
19 statutes, who is employed by the Health Insurance Risk-Sharing Plan Authority on
20 the effective date of this subsection, the employer shall pay required employer
21 contributions toward the health insurance premium beginning on the date on which
22 the employee becomes insured.

23 **SECTION 24. Initial applicability.**

