



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2005 Senate Bill 451

**Senate Substitute Amendment
2, as Amended by Senate
Amendment 1 to Senate
Substitute Amendment 2**

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2005 Senate Bill 451 makes numerous changes to the Health Insurance Risk-Sharing Plan (HIRSP). It also creates the HIRSP Authority which would be responsible for the administration of HIRSP beginning July 1, 2006.

Senate Substitute Amendment 2 to Senate Bill 451, as amended by *Senate Amendment 1* to Senate Substitute Amendment 2 (amended substitute amendment), would make the following changes to the bill:

- Create an exemption from property tax for property owned by the HIRSP Authority as long as the use of the property is primarily related to the purposes of the HIRSP Authority.
- Create an exemption from income tax for income of the HIRSP Authority.
- Create an exemption from sales and use tax for the HIRSP Authority.
- Provide that for persons *who have coverage* under HIRSP on January 1, 2006, the amended substitute amendment's provisions that limit coverage to those benefits not paid by Medicare Part D (drug coverage) apply May 15, 2006. (May 15, 2006 is the last date by which most individuals may enroll in or apply for Medicare Part D without penalty.) Also, the amended substitute amendment provides that for persons *who do not have coverage* under HIRSP on January 1, 2006, applicants attempting to enroll in HIRSP on the basis of Medicare eligibility after that date must be enrolled in Medicare Part D to be eligible for HIRSP.
- Require that at least one of the members of the 13-member board of directors of the HIRSP Authority be a person who is a professional consumer advocate who is familiar with HIRSP.
- Require the Legislative Audit Bureau (LAB) to audit the records of the HIRSP Authority every five years (as the LAB does with other authorities). (The bill exempted the HIRSP Authority from

the five-year audit requirement but would have permitted the LAB to audit the records of the HIRSP Authority when the State Auditor deemed it advisable or when directed to do so.) As a “public body corporate and politic” created by the Legislature under proposed s. 149.41 (1) (intro.), the HIRSP Authority is a “department” under s. 13.94 (4) (a) 1., Stats., and, thus, subject to auditing by the LAB.

- Require the LAB to annually conduct a financial audit of the HIRSP Authority and charge the HIRSP Authority for this audit. (The bill provided for this audit but did not require the LAB to charge for it.)

- Require the HIRSP Authority to annually file with the LAB a report on receivables (as is required of other authorities). (The bill exempted the HIRSP Authority from this provision.)

- Provide that, at a minimum, covered expenses under HIRSP for treatment for mental health and alcohol or other drug abuse (AODA) are at the same level as under current law for HIRSP. (The bill provides that coverage for such treatment would have been at the level of the mandated benefits applicable to health insurance policies which are less than the HIRSP benefits.)

- Require the HIRSP Authority to assess the historic utilization experience and diagnosis-related needs of persons who are or have been covered under HIRSP to determine if the benefits for mental health and AODA treatment provide for the use of evidence-based treatment standards and coverage levels sufficient to meet the treatment needs of HIRSP enrollees. Also, require the HIRSP Authority to submit a report of its findings to the Legislature and Governor by December 2006. Additionally, require the HIRSP Authority to make any necessary adjustments, on or after January 1, 2007, to the minimum required mental health and AODA benefits to ensure that HIRSP enrollees have appropriate access to evidence-based mental health and AODA treatment strategies and, if necessary, submit proposed statutory changes to the Legislature and Governor.

- Specify that neither the Commissioner of Insurance nor the Department of Health and Family Services (before July 1, 2006) nor the HIRSP Authority (on and after July 1, 2006) may assess any type of insurance that was not being assessed as of December 1, 2005 or any type of insurer that was not being assessed as of December 1, 2005.

- Clarify the method by which the HIRSP assessment credit for insurers is calculated.

- Make several technical drafting corrections.

Legislative History

Senate Substitute Amendment 1 to the bill was introduced by Senator Kapanke. The Senate Committee on Agriculture and Insurance recommended adoption of Senate Substitute Amendment 1 on a vote of Ayes, 7; Noes 0. The committee recommended passage of Senate Bill 451, as amended, on a vote of Ayes, 5; Noes, 2.

The bill was referred to JCF which introduced Senate Amendments 1 and 2 to Senate Substitute Amendment 1 and recommended adoption of Senate Amendments 1 and 2 on a vote of Ayes, 15; Noes, 0. JCF then recommended adoption of Senate Substitute Amendment 1, as amended, on a vote of Ayes, 13; Noes 2. JCF recommended passage of Senate Bill 451, as amended, on a vote of Ayes, 13; Noes, 2.

Senate Substitute Amendment 1 was laid on the table. Senate Substitute Amendment 2 was offered by Senator Kapanke. Senate Amendment 1 to Senate Substitute Amendment 2 was offered by Senator Hansen and others. The Senate refused to reject it on a rejection vote of Ayes, 14; Noes, 19. The Senate adopted Senate Amendment 1 to Senate Substitute Amendment 2 on a voice vote. The Senate adopted Senate Substitute Amendment 2, as amended, on a voice vote. The Senate passed Senate Bill 451, as amended, on a vote of Ayes, 20; Noes, 13.

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