

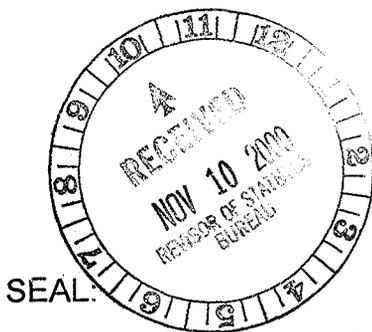
Clearinghouse Rule 00-114

CERTIFICATE

STATE OF WISCONSIN)
) SS
DEPARTMENT OF HEALTH AND FAMILY SERVICES)

I, Joe Leean, Secretary of the Department of Health and Family Services and custodian of the official records of the Department, do hereby certify that the annexed rules relating to relating to operation of the Health Insurance Risk-Sharing Plan were duly approved and adopted by this Department on November 10, 2000.

I further certify that this copy has been compared by me with the original on file in the Department and that this copy is a true copy of the original, and of the whole of the original.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department at the State Office Building, 1 W. Wilson Street, in the city of Madison, this 10th day of November, 2000.



Joe Leean, Secretary
Department of Health and Family Services

ORDER OF THE
DEPARTMENT OF HEALTH AND FAMILY SERVICES
AMENDING RULES

To amend HFS 119.07 (6) (b) (intro.) and Medicare Plan tables, and (c) 1. (intro.) and tables, (c) 2. and tables, (d) (intro.) and tables and 119.15 relating to operation of the health insurance risk-sharing plan (HIRSP).

Analysis Prepared by the Department of Health and Family Services

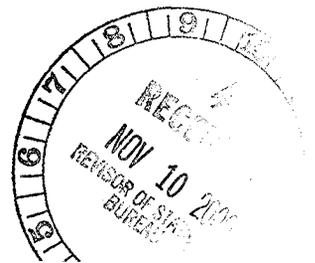
The State of Wisconsin in 1981 established a Health Insurance Risk-Sharing Plan (HIRSP) for the purpose of making health insurance coverage available to medically uninsured residents of the state. HIRSP offers different types of medical care coverage plans for residents.

One type of medical coverage provided by HIRSP is the Major Medical Plan. This type of coverage is called Plan 1. Eighty-four percent of the 8,427 HIRSP policies in effect in March 2000, were of the Plan 1 type. Plan 1 has Option A (\$1,000 deductible) or Option B (\$2,500 deductible). The rate increases for Plan 1 contained in this rulemaking order increase an average of 12.4%. Rate increases for specific policyholders range from 3.5% to 15.0%, depending on a policyholder's age, gender, household income, deductible and zone of residence within Wisconsin. This increase reflects industry-wide premium increases and takes into account the increase in costs associated with Plan 1 claims. According to state law, HIRSP premiums cannot be less than 150% of the amount an individual would be charged for a comparable policy in the private market. The average 12.4% rate increase for Plan 1 is the minimum increase necessary to maintain premiums at the lowest level permitted by law.

A second type of medical coverage provided by HIRSP is supplemental coverage for persons eligible for Medicare. This type of coverage is called Plan 2. Plan 2 has a \$500 deductible. Sixteen percent of the 8,427 HIRSP policies in effect in March 2000, were of the Plan 2 type. The rate increases for Plan 2 contained in this rulemaking order increase an average of 18.2%. Rate increases for specific policyholders range from 7.5% to 21%, depending on a policyholder's age, gender, household income and zone of residence within Wisconsin. These rate increases reflect industry-wide cost increases and adjust premiums to a level that more accurately reflects actual claim costs for Plan 2 policyholders.

The Department through this rulemaking order proposes to amend ch. HFS 119 in order to update HIRSP premium rates in accordance with the authority and requirements set out in s. 149.143 (3) (a), Stats. The Department is required to set premium rates by rule. HIRSP premium rates must be calculated in accordance with generally accepted actuarial principles. Policyholders are to pay 60% of the costs of HIRSP.

The Department through this order is also adjusting the total HIRSP insurer assessments and provider payment rates in accordance with the authority and requirements set out in s. 149.143 (2) (a) 3. and 4., Stats. With the approval of the HIRSP Board of Governors and as required by statute, the Department reconciled total costs for the HIRSP program for calendar year 1999. The Board of Governors approved a methodology that reconciles the most recent calendar year actual HIRSP program costs, policyholder premiums, insurance assessments and health care provider contributions collected with the statutorily required funding formula.



By statute, the adjustments for the calendar year are to be applied to the next plan year budget beginning July 1, 2000. The total annual contribution to the HIRSP budget provided by an adjustment to the provider payment rates is \$10,119,482. The total annual contribution to the HIRSP budget provided by an assessment on insurers is \$9,898,358. On April 26, 2000, the HIRSP Board of Governors approved the calendar year 1999 reconciliation process and the HIRSP budget for the plan year July 1, 2000 through June 30, 2001.

These proposed rules are identical to emergency rules issued by the Department that became effective on July 1, 2000.

ORDER

Pursuant to authority vested in the Department of Health and Family Services by ss. 149.143 (2) (a) 2. 3. and 4., and (3), Stats., the Department of Health and Family Services hereby amends rules interpreting s. 149.143, Stats., as follows:

SECTION 1. HFS 119.07 (6) (b) (intro.) and tables for medical plan policies with standard deductible are amended to read:

HFS 119.07 (6) (b) (intro.) *Annual premiums for major medical plan policies with standard deductible.* The schedule of annual premiums beginning ~~July 1, 1999~~ July 1, 2000, for persons not entitled to a premium reduction under s. 149.165, Stats., is as follows:

MAJOR MEDICAL PLAN – Males

Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$1,5121,656</u>	<u>\$1,3681,500</u>	<u>\$1,2121,332</u>
19-24	<u>1,5121,656</u>	<u>1,3681,500</u>	<u>1,2121,332</u>
25-29	<u>1,5481,716</u>	<u>1,4041,548</u>	<u>1,2481,368</u>
30-34	<u>1,7641,932</u>	<u>1,5841,728</u>	<u>1,4041,536</u>
35-39	<u>2,0042,232</u>	<u>1,8002,016</u>	<u>1,6081,788</u>
40-44	<u>2,4002,664</u>	<u>2,1602,412</u>	<u>1,9082,148</u>
45-49	<u>3,0483,480</u>	<u>2,7363,132</u>	<u>2,4362,772</u>
50-54	<u>4,0204,560</u>	<u>3,6244,104</u>	<u>3,2283,660</u>
55-59	<u>5,2565,832</u>	<u>4,7405,256</u>	<u>4,2124,668</u>
60+	<u>6,4687,200</u>	<u>5,8206,480</u>	<u>5,1725,760</u>

MAJOR MEDICAL PLAN – Females

Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$1,5121,656</u>	<u>\$1,3681,500</u>	<u>\$1,2121,332</u>
19-24	<u>2,0882,184</u>	<u>1,8961,968</u>	<u>1,6801,752</u>
25-29	<u>2,2322,376</u>	<u>2,0162,148</u>	<u>1,7881,908</u>
30-34	<u>2,4722,652</u>	<u>2,2202,376</u>	<u>1,9802,112</u>
35-39	<u>2,6882,976</u>	<u>2,4122,688</u>	<u>2,1482,376</u>
40-44	<u>2,9763,384</u>	<u>2,6883,048</u>	<u>2,3762,700</u>
45-49	<u>3,4923,984</u>	<u>3,1323,588</u>	<u>2,7963,168</u>
50-54	<u>4,0204,596</u>	<u>3,6004,140</u>	<u>3,2043,672</u>
55-59	<u>4,5965,220</u>	<u>4,1284,704</u>	<u>3,6724,176</u>
60+	<u>5,4006,084</u>	<u>4,8605,472</u>	<u>4,3204,860</u>

MEDICARE PLAN – Males

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0081,176	\$9241,044	\$816936
19-24	1,0081,176	9241,044	816936
25-29	1,0321,212	9361,080	828960
30-34	1,1641,356	1,0561,212	9361,080
35-39	1,3321,572	1,2121,428	1,0681,248
40-44	1,6201,872	1,4401,692	1,2721,500
45-49	2,0402,436	1,8242,196	1,6321,944
50-54	2,7003,192	2,4242,880	2,1482,556
55-59	3,5044,092	3,1563,696	2,8083,276
60+	4,3085,064	3,8764,536	3,4444,032

MEDICARE PLAN – Females

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0081,176	\$9241,044	\$816936
19-24	1,3921,536	1,2721,368	1,1161,224
25-29	1,5001,680	1,3561,500	1,1881,332
30-34	1,6441,860	1,4881,680	1,3321,476
35-39	1,7882,088	1,6201,872	1,4281,680
40-44	1,9802,376	1,8002,148	1,5841,896
45-49	2,3402,796	2,0882,520	1,8722,220
50-54	2,6883,228	2,4002,904	2,1482,580
55-59	3,0723,660	2,7723,300	2,4362,940
60+	3,6004,272	3,2283,840	2,8803,408

SECTION 2. HFS 119.07 (6) (c) 1. (intro.) and tables are amended to read:

HFS 119.07 (6) (c) *Base rates for calculating premium reductions.* 1. (intro.) The annual base rates for calculating premium reductions under s. HFS 119.12 that are applicable to standard risks under individual policies providing substantially the same coverage and deductibles as the plan's major medical plan are as follows beginning July 1, 1998 July 1, 2000:

**MAJOR MEDICAL PLAN – Males
(Base for Reduced Rates)**

Age Group	Zone 1	Zone 2	Zone 3
0-18	\$1,0081,104	\$912996	\$804888
19-24	1,0081,104	912996	804888
25-29	1,0321,140	9361,032	828912
30-34	1,1761,284	1,0561,152	9361,020
35-39	1,3321,488	1,2001,344	1,0681,188
40-44	1,5961,776	1,4401,608	1,2721,428
45-49	2,0282,316	1,8242,088	1,6201,848
50-54	2,6763,036	2,4122,736	2,1482,436
55-59	3,5043,888	3,1563,504	2,8083,108
60+	4,3084,800	3,8764,320	3,4443,840

MAJOR MEDICAL PLAN – Females

(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$1,0081,104</u>	<u>\$912996</u>	<u>\$804888</u>
19-24	<u>1,3921,452</u>	<u>1,2601,308</u>	<u>1,1161,164</u>
25-29	<u>1,4881,584</u>	<u>1,3441,428</u>	<u>1,1881,272</u>
30-34	<u>1,6441,764</u>	<u>1,4761,584</u>	<u>1,3201,404</u>
35-39	<u>1,7881,980</u>	<u>1,6081,788</u>	<u>1,4281,584</u>
40-44	<u>1,9802,256</u>	<u>1,7882,028</u>	<u>1,5841,800</u>
45-49	<u>2,3282,652</u>	<u>2,0882,388</u>	<u>1,8602,112</u>
50-54	<u>2,6763,060</u>	<u>2,4002,760</u>	<u>2,1362,448</u>
55-59	<u>3,0603,480</u>	<u>2,7483,132</u>	<u>2,4482,784</u>
60+	<u>3,6004,056</u>	<u>3,2403,648</u>	<u>2,8803,240</u>

SECTION 3. HFS 119.07 (6) (c) 2. (intro.) and tables are amended to read:

HFS 119.07 (6) (c) *Base rates for calculating premium reductions.* 2. (intro.) The annual base rates for calculating premium reductions under s. HFS 119.12 that are applicable to standard risks under individual policies providing substantially the same coverage and deductibles as the plan's medicare plan are as follows beginning ~~July 1, 1999~~ July 1, 2000:

MEDICARE PLAN – Males
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$672780</u>	<u>\$612696</u>	<u>\$540624</u>
19-24	<u>672780</u>	<u>612696</u>	<u>540624</u>
25-29	<u>684804</u>	<u>624720</u>	<u>552636</u>
30-34	<u>780900</u>	<u>708804</u>	<u>624720</u>
35-39	<u>8881,044</u>	<u>804948</u>	<u>708828</u>
40-44	<u>1,0681,248</u>	<u>9601,128</u>	<u>852996</u>
45-49	<u>1,3561,620</u>	<u>1,2121,464</u>	<u>1,0801,296</u>
50-54	<u>1,7882,124</u>	<u>1,6081,920</u>	<u>1,4281,704</u>
55-59	<u>2,3402,724</u>	<u>2,1002,460</u>	<u>1,8722,184</u>
60+	<u>2,8683,372</u>	<u>2,5803,024</u>	<u>2,2022,688</u>

MEDICARE PLAN – Females
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$672780</u>	<u>\$612696</u>	<u>\$540624</u>
19-24	<u>9241,020</u>	<u>840912</u>	<u>744816</u>
25-29	<u>9961,116</u>	<u>900996</u>	<u>792888</u>
30-34	<u>1,0921,236</u>	<u>9841,116</u>	<u>876984</u>
35-39	<u>1,1881,392</u>	<u>1,0681,248</u>	<u>9481,116</u>
40-44	<u>1,3201,584</u>	<u>1,1881,428</u>	<u>1,0561,260</u>
45-49	<u>1,5481,860</u>	<u>1,3921,680</u>	<u>1,2361,476</u>
50-54	<u>1,7882,148</u>	<u>1,5961,932</u>	<u>1,4281,716</u>
55-59	<u>2,0402,436</u>	<u>1,8362,196</u>	<u>1,6321,956</u>
60+	<u>2,4002,844</u>	<u>2,1602,556</u>	<u>1,9202,268</u>

SECTION 4. HFS 119.07 (6) (d) (intro.) and tables are amended to read:

HFS 119.07 (6) (d) *Annual premiums for major medical plan policies with a \$2,500 deductible.* (intro.) In accordance with s. 149.146, Stats., an alternative plan of health insurance involving major medical expense coverage is established with a \$2,500 deductible. After the policyholder satisfies the annual \$2,500 deductible, HIRSP will pay 80% of the covered expenses for the next \$5,000 of covered expenses. Policyholders are required to pay the remaining 20% as coinsurance, up to an annual individual maximum of \$1,000. The annual maximum amount a family with two or more alternative plans will be required to pay for covered expenses is \$7,000. The schedule of annual premiums for coverage under the alternative plan with a \$2,500 deductible is as follows beginning ~~July 1, 1998~~ July 1, 2000:

ALTERNATIVE MAJOR MEDICAL PLAN Males			
Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$1,0921,188</u>	<u>\$9841,080</u>	<u>\$876960</u>
19-24	<u>4,0921,188</u>	<u>9841,080</u>	<u>876960</u>
25-29	<u>1,1161,236</u>	<u>1,0081,116</u>	<u>900984</u>
30-34	<u>1,2721,392</u>	<u>1,1401,248</u>	<u>1,0081,104</u>
35-39	<u>1,4401,608</u>	<u>1,2961,452</u>	<u>1,1521,284</u>
40-44	<u>1,7281,920</u>	<u>1,5601,740</u>	<u>1,3681,548</u>
45-49	<u>2,1962,508</u>	<u>1,9682,256</u>	<u>1,7521,992</u>
50-54	<u>2,8923,288</u>	<u>2,6042,952</u>	<u>2,3282,640</u>
55-59	<u>3,7804,200</u>	<u>3,4083,780</u>	<u>3,0363,360</u>
60+	<u>4,6565,184</u>	<u>4,1884,668</u>	<u>3,7204,152</u>

ALTERNATIVE MAJOR MEDICAL PLAN Females			
Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$1,0921,188</u>	<u>\$9841,080</u>	<u>\$876960</u>
19-24	<u>1,5001,572</u>	<u>1,3681,416</u>	<u>1,2121,260</u>
25-29	<u>1,6081,716</u>	<u>1,4521,548</u>	<u>1,2841,368</u>
30-34	<u>1,7761,908</u>	<u>1,5961,716</u>	<u>1,4281,524</u>
35-39	<u>1,9322,148</u>	<u>1,7401,932</u>	<u>1,5481,716</u>
40-44	<u>2,1482,436</u>	<u>1,9322,196</u>	<u>1,7161,944</u>
45-49	<u>2,5202,868</u>	<u>2,2562,580</u>	<u>2,0462,280</u>
50-54	<u>2,8923,312</u>	<u>2,5922,976</u>	<u>2,3042,640</u>
55-59	<u>3,3423,756</u>	<u>2,9763,384</u>	<u>2,6403,012</u>
60+	<u>3,8884,380</u>	<u>3,5043,936</u>	<u>3,1083,504</u>

SECTION 5. HFS 119.15 (2) and (3) are amended to read:

(2) INSURER ASSESSMENTS. The insurer assessments for the time period ~~July 1, 1999 through December 31, 1999 total \$2,975,605. The insurer assessments for the time period January 1, 2000 through June 30, 2000 total \$3,055,065. July 1, 2000 through June 30, 2001 total \$9,898,358.~~

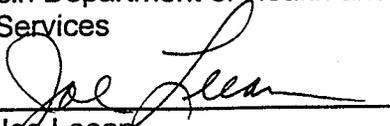
(3) PROVIDER PAYMENT RATES. The total adjustment to the provider payment rates for the time period ~~July 1, 1999 through December 31, 1999 is \$4,847,134. The total adjustment to the provider payment rates for the time period January 1, 2000 through June 30, 2000 is \$ 4,926,594. July 1, 2000 through June 30, 2001 is \$10,119,482.~~

The rules contained in this order shall take effect on the first day of the month following publication in the Wisconsin Administrative Register, as provided in s. 227.22 (2), Stats.

Wisconsin Department of Health and
Family Services

Dated: November 10, 2000

By: _____


Joe Leean
Secretary

SEAL:



State of Wisconsin
Department of Health and Family Services

Tommy G. Thompson, Governor
Joe Leraan, Secretary

November 10, 2000



Mr. Bruce E. Munson
Revisor of Statutes
131 W. Wilson St., Suite 800
Madison, WI 53703

Dear Mr. Munson:

As provided in s. 227.20, Stats., there is hereby submitted a certified copy of amendments to ch. HFS 119, relating to operation of the Health Insurance Risk-Sharing Plan (HIRSP).

These rules are also being submitted to the Secretary of State as required by s. 227.20, Stats.

The rule changes will not affect small businesses as defined in s. 227.114 (1) (a), Stats.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joe Leraan'.

Joe Leraan
Secretary

Enclosure