

Clearinghouse Rule 99-113

CERTIFICATE

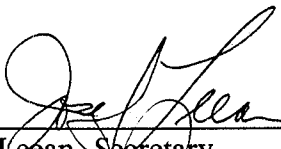
STATE OF WISCONSIN)
) SS
DEPARTMENT OF HEALTH AND FAMILY SERVICES)

I, Joseph Lcean, 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 operation of the health insurance risk-sharing plan (HIRSP) were duly approved and adopted by this Department on December 23, 1999.

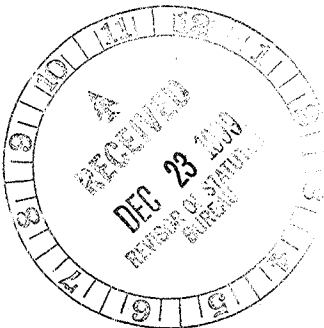
I further certify that this copy has been compared by me with the original on file in the Department and that this copy is a true copy of the original, and of the whole of the original.

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 23rd day of December, 1999.

SEAL:

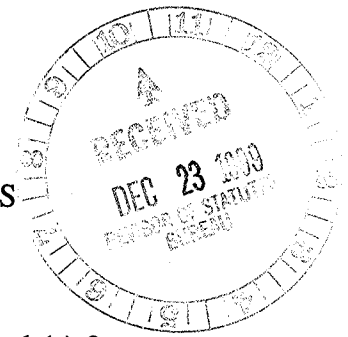


Joseph Lcean, Secretary
Department of Health and Family Services



99-113
3-1-00

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) 2. (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. One type of coverage provided by HIRSP is supplemental coverage for persons eligible for Medicare. This coverage is called Plan 2. Medicare (Plan 2) has a \$500 deductible. Approximately 17% of the 7,291 HIRSP policies in effect on March 31, 1999 were of the Plan 2 type.

The Department through this rulemaking order is amending ch. HFS 119 in order to update HIRSP Plan 2 premium rates in accordance with the authority and requirements set out in s. 149.143 (2) (a) 2., Stats. The Department is required to set premium rates by rule. These rates must be calculated in accordance with generally accepted actuarial principles. Policyholders are to pay 60% of the costs of HIRSP.

There are separate sets of tables in ch. HFS 119 that show unsubsidized and subsidized Plan 2 premium rates. Both sets of tables are amended by this order to increase the premium rates because Plan 2 costs, which historically have been running about 50% less than Plan 1 costs, began to increase several years ago and now are running at about 67% of Plan 1 costs. The Plan 2 premium rates need to be increased to cover increased costs of treatment for individuals enrolled under Plan 2. The order increases these premium rates by about 18%.

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 1998. The Board of Governors approved a reconciliation 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, 1999.

The result of the reconciliation process for calendar year 1998 indicated that insurance assessments collected were greater than the 20% of costs (net of the GPR contribution from appropriation s. 20.435(5)(af), Stats.) required of insurers. Also, the

calendar year 1998 reconciliation process showed that an insufficient amount was collected from health care providers. As a result of this reconciliation, the insurer assessments for the time periods July 1, 1999 through December 31, 1999 and January 1, 2000 through June 30, 2000, are reduced to offset the overpayment in 1998. The total adjustments to the provider payment rates for the same time periods are sharply increased in order to recoup the provider contribution that was not collected in calendar year 1998.

The HIRSP budget for the plan year ending June 30, 2000, and the calendar year 1998 reconciliation process were approved by the HIRSP Board of Governors in April 1999. Department staff at the same time consulted with the HIRSP Board of Governors on the proposed rules as required by s. 149.20, Stats.

The Department's authority to amend these rules is found in s. 149.143 (2) (a) 2., 3. and 4. and (3), Stats. The rules interpret s. 149.143, Stats.

SECTION 1. HFS 119.07 (6) (b) (intro.) and Medicare Plan tables are amended to read:

HFS 119.07(6)(b) *Annual premiums for major medical plan policies with standard deductible.* (intro.) The schedule of annual premiums beginning ~~July 1, 1998~~ July 1, 1999, for persons not entitled to a premium reduction under s. 149.165, Stats., is as follows:

MEDICARE PLAN – Males			
Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$8881,008</u>	<u>\$792924</u>	<u>\$708816</u>
19-24	<u>8881,008</u>	<u>792924</u>	<u>708816</u>
25-29	<u>8881,032</u>	<u>792936</u>	<u>708828</u>
30-34	<u>1,0201,164</u>	<u>9121,056</u>	<u>816936</u>
35-39	<u>1,1401,332</u>	<u>1,0201,212</u>	<u>9121,068</u>
40-44	<u>1,3801,620</u>	<u>1,2481,440</u>	<u>1,0921,272</u>
45-49	<u>1,7162,040</u>	<u>1,5361,824</u>	<u>1,3801,632</u>
50-54	<u>2,2082,700</u>	<u>1,9922,424</u>	<u>1,7642,148</u>
55-59	<u>2,8923,504</u>	<u>2,6163,156</u>	<u>2,3162,808</u>
60+	<u>3,5524,308</u>	<u>3,1923,876</u>	<u>2,8323,444</u>

MEDICARE PLAN – Females			
Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$8881,008</u>	<u>\$792924</u>	<u>\$708816</u>
19-24	<u>1,2241,392</u>	<u>1,1161,272</u>	<u>9721,116</u>
25-29	<u>1,2841,500</u>	<u>1,1521,356</u>	<u>1,0321,188</u>

30-34	<u>1,4041,644</u>	<u>1,2721,488</u>	<u>1,1281,332</u>
35-39	<u>1,5121,788</u>	<u>1,3681,620</u>	<u>1,2121,428</u>
40-44	<u>1,6801,980</u>	<u>1,5121,800</u>	<u>1,3321,584</u>
45-49	<u>1,9442,340</u>	<u>1,7522,088</u>	<u>1,5601,872</u>
50-54	<u>2,1842,688</u>	<u>1,9562,400</u>	<u>1,7522,148</u>
55-59	<u>2,4963,072</u>	<u>2,2442,772</u>	<u>1,9922,436</u>
60+	<u>2,9403,600</u>	<u>2,6403,228</u>	<u>2,3402,880</u>

SECTION 2. 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, 1998~~ July 1, 1999:

MEDICARE PLAN – Males
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$588672</u>	<u>\$528612</u>	<u>\$468540</u>
19-24	<u>588672</u>	<u>528612</u>	<u>468540</u>
25-29	<u>588684</u>	<u>528624</u>	<u>468552</u>
30-34	<u>684780</u>	<u>612708</u>	<u>540624</u>
35-39	<u>756888</u>	<u>672804</u>	<u>600708</u>
40-44	<u>9121,068</u>	<u>828960</u>	<u>732852</u>
45-49	<u>1,1401,356</u>	<u>1,0201,212</u>	<u>9121,080</u>
50-54	<u>1,4641,788</u>	<u>1,3201,608</u>	<u>1,1761,428</u>
55-59	<u>1,9322,340</u>	<u>1,7402,100</u>	<u>1,5361,872</u>
60+	<u>2,3642,868</u>	<u>2,1242,580</u>	<u>1,8842,292</u>

MEDICARE PLAN – Females
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	<u>\$588672</u>	<u>\$528612</u>	<u>\$468540</u>
19-24	<u>816924</u>	<u>732840</u>	<u>648744</u>
25-29	<u>852996</u>	<u>768900</u>	<u>684792</u>
30-34	<u>9361,092</u>	<u>840984</u>	<u>744876</u>
35-39	<u>1,0081,188</u>	<u>9001,068</u>	<u>804948</u>
40-44	<u>1,1161,320</u>	<u>9961,188</u>	<u>8881,056</u>
45-49	<u>1,2841,548</u>	<u>1,1641,392</u>	<u>1,0321,236</u>
50-54	<u>1,4521,788</u>	<u>1,3081,596</u>	<u>1,1641,428</u>
55-59	<u>1,6562,040</u>	<u>1,4881,836</u>	<u>1,3321,632</u>
60+	<u>1,9562,400</u>	<u>1,7642,160</u>	<u>1,5601,920</u>

SECTION 3. HFS 119.15, as amended by emergency order effective January 1, 1999, and permanent order effective September 1, 1999, is amended to read:

HFS 119.15 Insurer assessments and provider payment rates. (1)

PURPOSE. This section implements s. 149.143 (2) (a) 3. and 4., Stats.

(2) INSURER ASSESSMENTS. The insurer assessments for the time period ~~January 1, 1999~~ July 1, 1999 through June 30, 1999 ~~December 31, 1999~~ total ~~\$4,043,589~~ \$2,975,605. The insurer assessments for the time period January 1, 2000 through June 30, 2000 total \$3,055,065.

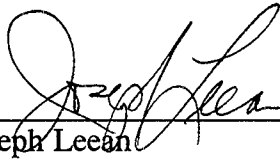
(3) PROVIDER PAYMENT RATES. The total adjustment to the provider payment rates for the time period ~~January 1, 1999~~ July 1, 1999 through June 30, 1999 ~~December 31, 1999~~ is ~~\$4,043,589~~ \$4,847,134. The total adjustment to the provider payment rates for the time period January 1, 2000 through June 30, 2000 is \$4,926,594.

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: December 23, 1999

By: _____


Joseph Lee
Secretary

SEAL: