



2003 ASSEMBLY BILL 447

July 25, 2003 - Introduced by Representatives GIELOW, LADWIG, OTT, GRONEMUS, KESTELL, MUSSER, M. LEHMAN, KRAWCZYK, OWENS, POWERS, VAN ROY, GUNDERSON, GUNDRUM, HINES, ZEPNICK, POPE-ROBERTS, HAHN, PLOUFF, TOWNS, AINSWORTH, LOEFFELHOLZ, M. WILLIAMS, ALBERS, VRAKAS, STASKUNAS, HUNDERTMARK, WEBER, JENSEN, BALOW and PETROWSKI, cosponsored by Senators HARSDORF, ERPENBACH, BROWN, STEPP, M. MEYER, HANSEN, RISSER and ROESSLER. Referred to Committee on Insurance.

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

Analysis by the Legislative Reference Bureau

This bill 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 rule. A cooperative may be organized by one or more persons, which the bill 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 a defined network plan. 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 defined network plan; and all members purchase their health care benefits from the defined network plan, although a cooperative may also offer its members a point-of-service option plan under which an individual may receive health care services from a provider who is not a participating provider in the defined network plan and pay the difference between what the provider charges and what the defined network plan would pay a participating provider.

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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.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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) “Defined network plan” has the meaning given in s. 609.01 (1b).

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

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

10 (e) “Point-of-service option plan” has the meaning given in s. 609.10 (1) (ac).

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

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1 (b) The purpose of a health benefit purchasing cooperative shall be to provide
2 health care benefits for the individuals specified in sub. (4) (a) 1. to 3., through a
3 contract with a defined network plan.

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

6 1. The members become better informed about health care trends and cost
7 increases.

8 2. All members purchase their health care benefits from the same defined
9 network plan, subject to sub. (4) (d).

10 3. The members are actively engaged in designing health care benefit options
11 that are offered by the defined network plan and that meet the needs of their
12 community.

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

14 5. The members actively participate in health improvement decisions for their
15 community.

16 **(2m)** TEMPORARY BOARD OF DIRECTORS. Notwithstanding s. 185.05 (1) (m), the
17 articles of a health benefit purchasing cooperative shall set forth the name and
18 address of at least one incorporator who will act as the temporary board.

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

22 (b) Any person that does business in, is located in, has a principal office in, or
23 resides in the geographic area in which a health benefit purchasing cooperative is
24 organized, that meets the membership criteria established by the health benefit

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1 purchasing cooperative in its bylaws, and that pays the membership fee may be a
2 member of the health benefit purchasing cooperative.

3 (c) Each health benefit purchasing cooperative shall file its membership
4 criteria, as well as any amendments to the criteria, with the commissioner.

5 **(4) HEALTH CARE BENEFITS.** (a) The health care benefits offered by a health
6 benefit purchasing cooperative shall be negotiated between the health benefit
7 purchasing cooperative and the defined network plan. Subject to par. (b), the defined
8 network plan must offer coverage to all of the following:

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

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

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

14 (b) The defined network plan may limit enrollment of self-employed
15 individuals by establishing enrollment criteria, but such criteria must be applied in
16 the same manner to all self-employed individuals.

17 (c) The contract between the members of a health benefit purchasing
18 cooperative and a defined network plan shall be for a term of 3 years. Upon
19 enrollment in the defined network plan, each member shall pay to the defined
20 network plan the member's applicable premium for the 36th month of coverage
21 under the contract. If a member withdraws from the health benefit purchasing
22 cooperative before the end of the contract term, the defined network plan may retain,
23 as a penalty, the premium that the member paid for the 36th month of coverage.

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1 (d) In addition to providing health care benefits under a contract with a defined
2 network plan, a health benefit purchasing cooperative may offer its members a
3 point-of-service option plan.

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

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

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

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

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

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

20 **(6) DESIGNATION OF GEOGRAPHIC AREAS.** The commissioner shall designate, by
21 rule, the 5 geographic areas of the state in which health benefit purchasing
22 cooperatives may be organized. A geographic area may overlap with one or more
23 other geographic areas.

24 **SECTION 2. Nonstatutory provisions.**

