



2007 SENATE BILL 226

July 9, 2007 – Introduced by Senator BRESKE, cosponsored by Representative F. LASEE. Referred to Committee on Transportation, Tourism and Insurance.

1 **AN ACT** *to repeal* 149.14 (2) (c) 2., 149.165 (2) (bc) and subchapter IV of chapter
2 149 [precedes 149.60]; *to renumber* 149.14 (2) (c) 1.; *to renumber and amend*
3 149.12 (2) (e) and 149.165 (2) (a); *to amend* 149.14 (3) (intro.), 149.14 (5) (a),
4 149.142 (1) and 149.165 (3m); and *to create* 149.12 (2) (e) 2., 149.14 (3c) and
5 149.14 (3m) of the statutes; **relating to:** changes to the Health Insurance
6 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 bill makes the following changes to HIRSP and the HIRSP Authority:

1. Currently, for payment under HIRSP, all providers of services and articles must be certified to provide those services and articles under the Medical Assistance

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(MA) program. The bill allows prescription drugs to be provided by a network of pharmacists and pharmacies that are approved by the HIRSP Authority Board of Directors, regardless of whether the pharmacists and pharmacies in the network are certified to provide prescription drugs under MA. In addition, the bill 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.

2. 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 bill 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.

3. 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 bill makes all persons with coverage under HIRSP with incomes below that specified level eligible for the premium and deductible subsidies.

4. 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 bill 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.

5. 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 bill repeals the requirement for the HIRSP Authority to design and administer the program.

6. 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 bill authorizes the HIRSP Authority Board to specify other exceptions.

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

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

3 149.12 (2) (e) 1. ~~No~~ Subject to subd. 2., no person who is eligible for creditable
4 coverage, other than those benefits specified in s. 632.745 (11) (b) 1. to 12., that is
5 provided by an employer on a self-insured basis or through health insurance is
6 eligible for coverage under the plan.

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

8 149.12 (2) (e) 2. The board may specify other types of coverage provided by an
9 employer that do not render a person ineligible for coverage under the plan.

10 **SECTION 3.** 149.14 (2) (c) 1. of the statutes is renumbered 149.14 (2) (c).

11 **SECTION 4.** 149.14 (2) (c) 2. of the statutes is repealed.

12 **SECTION 5.** 149.14 (3) (intro.) of the statutes is amended to read:

13 149.14 (3) COVERED EXPENSES. (intro.) Covered expenses for coverage under the
14 plan shall be the payment rates established by the authority for services provided
15 by persons licensed under ch. 446 and certified under s. 49.45 (2) (a) 11. Covered
16 expenses for coverage under the plan shall also be the payment rates established by
17 the authority for, at a minimum, the following services and articles if the service or
18 article is prescribed by a physician who is licensed under ch. 448 or in another state
19 and who is certified under s. 49.45 (2) (a) 11. and, except as provided in sub. (3m), if
20 the service or article is provided by a provider certified under s. 49.45 (2) (a) 11.:

21 **SECTION 6.** 149.14 (3c) of the statutes is created to read:

22 149.14 (3c) TEMPORARY PROVIDER CERTIFICATION. Notwithstanding the provider
23 licensing and certification requirements under sub. (3) (intro.), for coverage of
24 services or articles provided to an eligible person the authority may certify on a
25 temporary basis a provider that is not licensed under ch. 446 or 448 but that is

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1 licensed in another state to provide the service or article, or a provider that is not
2 certified under s. 49.45 (2) (a) 11. The certification under this subsection may be
3 retroactive.

4 **SECTION 7.** 149.14 (3m) of the statutes is created to read:

5 149.14 **(3m)** PHARMACY NETWORK. Covered expenses for prescription drugs
6 shall be the payment rates established by the authority for prescription drugs that
7 are provided to eligible persons by a network of pharmacists and pharmacies
8 approved by the board, regardless of whether the provider of the drug is certified
9 under s. 49.45 (2) (a) 11.

10 **SECTION 8.** 149.14 (5) (a) of the statutes is amended to read:

11 149.14 **(5)** (a) The authority shall establish and provide subsidies for
12 deductibles paid by eligible persons with coverage under s. 149.14 (2) (a) and
13 household incomes specified in s. 149.165 (2) (a) ~~1. to 5~~ to (e).

14 **SECTION 9.** 149.142 (1) of the statutes is amended to read:

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

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1 **SECTION 10.** 149.165 (2) (a) of the statutes is renumbered 149.165 (2) and
2 amended to read:

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

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

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

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

21 (d) If equal to or greater than \$17,000 and less than \$20,000, ~~to 124.5% of the~~
22 ~~rate that a standard risk would be charged under an individual policy providing~~
23 ~~substantially the same coverage and deductibles as provided under s. 149.14 (2) (a)~~
24 ~~and (5) (a) by~~ at least 15 percent.

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

5 **SECTION 11.** 149.165 (2) (bc) of the statutes is repealed.

6 **SECTION 12.** 149.165 (3m) of the statutes is amended to read:

7 149.165 (3m) The authority may approve adjustment of the household income
8 dollar amounts listed in sub. (2) (a) ~~1. to 5.~~ to (e), except for the first dollar amount
9 listed in sub. (2) (a) ~~1.~~, to reflect changes in the consumer price index for all urban
10 consumers, U.S. city average, as determined by the U.S. department of labor.

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

13 **SECTION 14. Initial applicability.**

14 (1) PREMIUM DISCOUNTS. The treatment of sections 149.14 (2) (c) 1. and 2. and
15 (5) (a) and 149.165 (2) (a) and (bc) and (3m) of the statutes first applies to policy years
16 beginning on January 1, 2008.

17 (END)