02-069 (3)

ROGER BRESKE

STATE SENATOR

12th District

Capitol Address:
State Capitol, South Wing
P.O. Box 7882
Madison, WI 53707-7882
(608) 266-2509

Toll Free:
1 (800) 334-8773

Home Address:
8800 Hwy. 29
Eland, WI 54427
(715) 454-6575

E-Mail Address:
Sen.Breske@legis.state.wi.us

MEMORANDUM

September 10, 2002

TO: Senate Committee on Insurance, Tourism and Transportation
FR: Senator Roger Breske, Chair
RE: Proposed Clearinghouse Rules 02-069 and 02-081

Clearinghouse Rules 02-069 and 02-081 were recently referred to the Senate Committee on Insurance, Tourism and Transportation. For your reference, I have attached the analyses by the Office of the Commissioner of Insurance and the Department of Transportation. If you would like to request a hearing on this proposed rule, please contact Beth in my office before ***Friday, September 27th, 2002.***

Proposed Clearinghouse Rule 02-069

Relating to revising requirements for defined network plans, preferred provider plans and limited service health organization plans to comply with recent changes in state laws.

Proposed Clearinghouse Rule 02-081

Relating to construction site erosion control and storm water management procedures for department actions.

Clearinghouse Rule 02-069

Analysis by the Office of the Commissioner of Insurance

Most of the revisions are based on a terminology change in how managed care plans are to be referred to as defined network plans as established in 2001 Wisconsin Act 16. In addition, the 2001 Wisconsin Act 16 modified some requirements of ch. 609, Stats., as they apply to preferred provider plans, and those changes are reflected accordingly within ch. Ins 9.

Chapter Ins 9 differentiates between preferred provider plans that may or may also be defined network plans. For a preferred provider plan to be eligible for distinct treatment from defined network plans, the insurer offering the plan must provide the covered services without requirement of a referral including pre-authorization even if such pre-authorization is used by the plan for utilization management or use of incentives. The insurer offering a preferred provider plan must comply with s. 609.35, Stats., and cover the same services both in-plan and out-of-plan without material disincentives. The coverage must be substantial with coverage not less than 70% of usual and customary rates and no material exclusions, deductibles, maximum limits or other conditions uniquely applied to out-of-plan provider services resulting in significantly limited out of plan benefits.

In addition, the insurer offering preferred provider plans must have participating plan providers who are accepting patients within a reasonable distance of the insured and provide an adequate number of participating providers in each geographic area to service all insureds in that area. Preferred provider plans will need to provide telephone access for emergency care or authorization of care 24 hours per day. Whenever a participating provider's participation with the plan terminates, the preferred provider plan must directly or by contract notify the insureds. However, if the insurer contracts for the notification of provider termination, the insurer remains responsible for ensuring that notification is sent.

If a plan qualifies as a preferred provider plan, the plan would no longer be required to develop quality assurance standards relating to access to, and continuity and quality of care. However, the insurer would still be responsible for developing procedures for remedial action to address quality problems in each of these areas. Also, a preferred provider plan that assume direct responsibility for clinical protocols and utilization management of the plan would be required to appoint a physician as a medical director.

Insurers offering preferred provider plans that contain material exclusions, deductibles, maximum limits or other conditions uniquely applied to out of network provider services resulting in significantly limited out of network benefits must comply with statutes and regulations as a defined network plan.

ROGER BRESKE

STATE SENATOR

12th District

Capitol Address:
State Capitol, South Wing
P.O. Box 7882
Madison, WI 53707-7882
(608) 266-2509

Toll Free:
1 (800) 334-8773

Home Address:
8800 Hwy. 29
Eland, WI 54427
(715) 454-6575

E-Mail Address:
Sen.Breske@legis.state.wi.us

October 3, 2002

Connie O'Connell, Commissioner
Office of the Commissioner of Insurance
121 East Wilson Street
HAND DELIVERED

RE: Clearinghouse Rule 02-069
Relating to: revising requirements for defined network plans, preferred provider plans and limited service health organization plans to comply with recent changes in state law.

Dear Commissioner O'Connell:

At the request of the members of the Senate Committee on Insurance, Tourism and Transportation and pursuant to §227.19(4)(a) and (b) Wis. Stats., I write to extend the Committee's review of this proposed rule. I will be in contact with your office to schedule a meeting to discuss possible modifications to this rule.

Thank you for your assistance. As always, please feel free to give me a call should you have any questions or concerns regarding this matter.

Sincerely,

ROGER BRESKE, CHAIR
Senate Committee on Insurance, Tourism
and Transportation

RB/ekp

cc: Joyce Kiel, Legislative Council
Donald Schneider, Senate Chief Clerk
Members, Senate Committee on Insurance, Tourism and Transportation