CR 84-11

STATE OF WISCONSIN)
)
OFFICE OF THE COMMISSIONER OF INSURANCE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Thomas P. Fox, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order adopting rules relating to preferred provider plans was issued by this office May 18, 1984.

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

IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 18th day of May, 1984.

Thomas P. Fox
Commissioner of Insurance

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2-1-54

ORDER OF THE COMMISSIONER OF INSURANCE

ADOPTING RULES

To adopt Ins 3.48 relating to preferred provider plans.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

The purpose of this rule is to implement s. 628.36 (2a) (f), Stats., as created by 1983 Wisconsin Act 27, relating to preferred provider plans. The statute requires the Commissioner of Insurance to adopt rules applicable to preferred provider plans which ensure that patients are not forced to travel excessive distances to receive services; ensure that continuity of patient care is not disrupted; define substantially equivalent benefits for purposes of dual choice requirements; ensure that employes are offered adequate and complete information on plans being offered and set maximum out-of-pocket amounts persons who go to a nonpreferred provider may be required to pay. These rules will be implemented as temporary rules pursuant to section 2026, nonstatutory provisions; insurance, 1983 Wisconsin Act 27, on July 1, 1984, if they are not yet promulgated as permanent rules under Chapter 227, Stats.

Pursuant to the authority vested in the Commissioner of Insurance by ss. 601.41 (3) and 628.36 (2a) (f), Stats., the Commissioner of Insurance hereby adopts Ins 3.48 interpreting s. 628.36 (2a) (f), Stats., as follows:

SECTION 1. Ins 3.48 is created to read:

Ins 3.48 PREFERRED PROVIDER PLANS. (1) SCOPE. This section applies to all preferred provider plans as defined in s. 628.36 (2a) (a) 1., Stats.

(2) EXCESSIVE DISTANCES. (a) Except as provided in pars. (b) and (c), preferred provider plans shall offer coverage to a person only if preferred providers of primary care services and emergency services are available within 30 minutes' travel time of the person's place of residence.

(b) A preferred provider plan may offer coverage on a group basis to an employer for its employes or to an employe organization without taking into account the places of residence of the employes, if preferred providers of primary care services and emergency services are available either within the county or within 30 minutes' travel time of the employment location.

(c) A preferred provider plan may provide coverage to a person without taking into account the person's place of residence or employment if the person is informed in writing of the services covered and the location of all preferred providers and makes a written request for coverage.

(3) CONTINUITY OF PATIENT CARE. (a) Subject to pars. (b), (c), (d) and (e), a preferred provider plan which is offered on a group basis to an employer for its employes or to an employe organization shall

extend enrollment periods for group members and their families who wish to be enrolled in the plan, but who are in a course of treatment with a provider not selected by the plan and wish to continue that course of treatment. Enrollment standards for those who request an extended enrollment period shall be no more restrictive than they are for those who enroll during the normal enrollment period.

(b) A preferred provider plan may require a group member to request an extended enrollment period during the normal enrollment period specified by the plan and to indicate the nature and the expected duration of the course of treatment.

(c) A preferred provider plan is not required to extend enrollment opportunities to a dependent of a group member unless the group member and any other dependents also receive an extension.

(d) A preferred provider plan may limit the extension of the enrollment period for a group member and dependents to 90 days after the effective date of the contract.

(e) A preferred provider plan shall receive no premiums and bear no responsibility for coverage of group members and their dependents until they are enrolled.

(f) When a person changes from one plan to another, the responsibilities of the prior and succeeding insurers outlined in s. Ins 6.51 (6), (7) and (8) shall apply.

(4) SUBSTANTIALLY EQUIVALENT BENEFITS DEFINED. (a) For purposes of s. 628.36 (2a) (d), Stats., plans will be considered to provide substantially equivalent benefits if they offer comparable coverage for the following services: hospital room and board, other inpatient hospital services, surgery, home and office physician services, inhospital physician care, x-ray and laboratory services.

(b) Notwithstanding par. (a), plans providing substantially equivalent benefits may differ as to premium, deductible, coinsurance, benefit maximum provisions and limitations on choice of providers.

(c) Plans providing substantially equivalent benefits may differ in their coverage of services other than those listed in par. (a).

(5) ADEQUATE NOTICE. (a) Preferred provider plans shall provide to policyholders information on the plan, including information on the services covered; a definition of emergency services if emergency services are covered differently than other services; the specific location of providers for each type of service; the cost of the plan; enrollment procedures; limitations on benefits, including limitations or requirements imposed by an institutional provider because of its affiliation with a religious organization; and restrictions on choice of providers. This information shall be provided to employers at least 30 days before the first day of each enrollment period. The preferred provider plans shall ensure that employers make this information available to all prospective certificate holders in time for them to make an informed choice among available plans. If a preferred provider plan is offered on an individual basis, the information shall be given at the time of application.

(b) The information provided shall be legible, complete, understandable, presented in a meaningful sequence, contain a single section listing exclusions and limitations and define words and expressions which are not commonly understood or whose commonly understood meaning is not intended.

(c) The information provided shall meet the standards for an invitation to apply set forth in s. Ins 3.27.

(6) NONPREFERRED PROVIDERS. A preferred provider plan may require that, if a person enrolled in the plan receives health care services from providers not selected by the plan, the person shall pay, in addition to any applicable premium and deductible, an additional portion of the total payment to be made to the providers. The sum of these additional amounts may not be more than $2,500 per year for individual coverage nor more than $5,000 per year for family coverage.

(7) SEVERABILITY. If any provisions of this section or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this section which can be given effect without the invalid provision or application, and to this end the parts of this section are declared to be severable.

SECTION 2. This rule shall become effective on July 1, 1984, as a permanent rule under Chapter 227 or as a temporary rule under section 2026, nonstatutory provisions; insurance, 1983 Wisconsin Act 27.

Dated at Madison, Wisconsin, this 18th day of May, 1984.

Thomas P. Fox
Commissioner of Insurance

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The State of Wisconsin
Office of the Commissioner of Insurance

Thomas P. Fox
Commissioner
(608) 266-3585

RECEIVED
MAY 21 1984
Revisor of Statutes Bureau

DATE: May 18, 1984

TO: Gary Poulson

FROM: M. E. Van Cleave
Assistant Deputy Commissioner of Insurance

SUBJECT: Ins 3.48, Clearinghouse Rule 84-11

Enclosed ~~is a copy~~ are two copies of an Order of the Commissioner of Insurance to create Ins 3.48, Clearinghouse No. 84-11, relating to preferred provider plans.

MEV:LH:baw
Enclosure
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