

CR 91-176

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STATE OF WISCONSIN
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DOUGLAS LA FOLLETTE
SECRETARY OF STATE

STATE OF WISCONSIN)
OFFICE OF THE COMMISSIONER OF INSURANCE)

I, Robert D. Haase, Commissioner of Insurance and custodian of the official records of this Office, certify that the attached rule-making order affecting ss. Ins 18.07, 18.08, 18.10, 18.12, and 18.14, Wis. Adm. Code, relating to creating a penalty for an insurer's failure to pay an assessment to the Health Insurance Risk Sharing Plan on time, was issued by this Office on February 5, 1992

I further certify that I have compared this copy with the original on file in this Office and that it is a true copy of the whole of the original.

Dated at Madison, Wisconsin, this 5th day of February, 1992.

Robert D. Haase
Robert D. Haase
Commissioner of Insurance

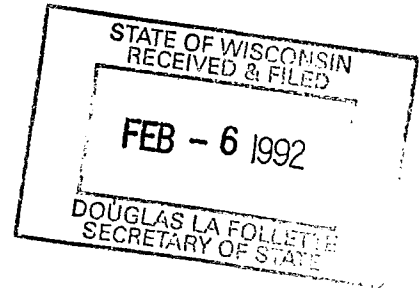
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ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

AMENDING AND CREATING A RULE

To amend Ins ss. Ins 18.07 (5) (d), 18.08 (2), 18.10 (2) and (3), 18.12 (4) Note and (5) (a) 1 and 2. b and (b); and to create Ins ss. 18.10 Note and 18.14, relating to creating a penalty for an insurer's failure to pay an assessment to the health insurance risk-sharing plan on time.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory authority: ss. 601.41 (3) and 619.135 (1) (c), Stats.

Statutes Interpreted: s. 619.135 (1), Stats.

1991 Wisconsin Act 39 requires an insurer that cancels a person's health insurance coverage, substantially reduces or limits coverage or increases the person's premium by 50% or more to pay an assessment of \$1,750 to the health insurance risk-sharing plan (plan) if, as a result of the insurer's action, the person becomes eligible for and obtains coverage from the plan. An assessment must be paid within 30 days after the insurer receives a notice of the assessment from the commissioner of insurance (commissioner).

The act requires the commissioner to establish a penalty for late payment. This rule creates a penalty of \$250, plus an additional \$250 for each week the violation continues. The penalty applies to all late payments based on notices received by policyholders on and after August 15, 1991, the effective date of Act 39.

Both the assessments and penalties are credited to the appropriation used for premium subsidies and deductible reductions for low-income persons in the plan.

The rule also makes various technical corrections in the administrative code chapter governing the plan.

SECTION 1. Ins 18.07 (5) (d) is amended to read:

Ins 18.07 (5) (d) The annual report of the board to ~~standing committees~~ the chief clerk of each house of the legislature required by s. 619.15 (2), Stats., and s. Ins 18.08 (2) shall include a section describing premium rate setting in detail. In order to fulfill this requirement, the board may appoint an actuarial committee under the powers granted to the board in s. 619.15 (5), Stats., and s. Ins 18.08 (3) (d) and (e).

SECTION 2. Ins 18.08 (2) is amended to read:

Ins 18.08 (2) ANNUAL REPORT. The board shall make an annual report to the members of the plan and to ~~standing-committees-on-health-and-insurance~~ in the chief clerk of each house of the legislature pursuant to s. 619.15 (2), Stats.

SECTION 3. Ins 18.10 (2) and (3) are amended to read:

Ins 18.10 (2) FORM OF NOTICE REQUIRED. "Wisconsin HIRSP Health Insurance Risk-Sharing Plan", an informational pamphlet prepared by and available-through the Office-of-the-Commissioner-of-Insurance office of the commissioner of insurance and endorsed by the board, shall satisfy the notice requirements set forth in s. 632.785 (1), Stats. Any other notice given in accordance with s. 632.785 (1), Stats., shall substantially conform to this pamphlet in type size and readability and shall be subject to the prior approval of the commissioner of insurance.

(3) STATEMENT OF REASONS FOR REJECTION, TERMINATION, CANCELLATION OR IMPOSITION OF UNDERWRITING RESTRICTIONS. The insurer's rejection, termination, cancellation or imposition of underwriting restrictions under s. 632.785 (1), Stats., shall, pursuant to s. 632.785 (2), Stats., state the specific medical reason for the insurer's action.

SECTION 4. Ins 18.10 Note is created to read:

Ins 18.10 Note: The form referenced in subsection (2), MGAC113, may be obtained from the Office of the Commissioner of Insurance, P. O. Box 7873, Madison, WI 53702-7873.

SECTION 5. Ins 18.12 (4) Note is amended to read:

Ins 18.12 (4) Note: A person may obtain the supplemental application for premium and deductible reduction at no charge either at the Office of the Commissioner of Insurance, P. O. Box 7873, Madison, Wisconsin ~~53707, -123-West-Washington-Avenue~~ 53707-7873, or at Mutual of Omaha Insurance Company, P. O. Box 31746, Omaha, Nebraska 68131 (1-800-228-7044). The form is numbered Form 8116HIRSP APP SUPP.

SECTION 6. Ins 18.12 (5) (a) 1 and 2. b and (b) are amended to read:

Ins 18.12 (5) (a) 1. At the time of plan application. In this case, for purposes of the premium reduction, the administering ~~carrier~~ carrier shall bill the applicant the reduced premium unless the first premium payment is submitted with the application. If the first premium payment is submitted with the application, the applicant shall ~~recieve~~ receive a refund of the reduced portion of the premium. Deductible reductions take effect upon issuance of the policy.

2. b. If eligibility for the deductible reduction is established within 31 days after the effective date of the policy, the new policyholder shall receive a refund of a portion of the deductible paid by the policyholder prior to establishing eligibility. The amount of the refund shall be the

difference between the deductible paid by the policyholder and the deductible as reduced by any reduction to which the policyholder is entitled. If eligibility is not established within 31 days after the effective date of the policy, the policyholder shall receive no refund. In this case, the policyholder shall establish eligibility at least 60 days before the policy's renewal date, and the deductible reduction shall take effect on ~~January~~ January 1 of the year commencing after the ~~policy's~~ policy's renewal date.

(b) Persons who are existing policyholders as of March 31 shall apply annually by May 1 in order to be eligible for the reductions for the year beginning on July 1. For premium reductions, if the application is not postmarked by May 1, then the application shall be postmarked at least 60 days prior to the policyholder's next policy renewal date in order for the corresponding premium notice to reflect the reduced premium. An existing policyholder who is first determined to be ~~eligible~~ eligible for a premium reduction shall receive a refund on a pro rata basis for the time period between July 1 of each calendar year and the next renewal date. Deductible reductions under this paragraph take place on January 1 of the year following establishment of ~~eligibility~~ eligibility. Under this subsection, the administering carrier shall treat any individual who becomes a policyholder after March 31 as a new policyholder.

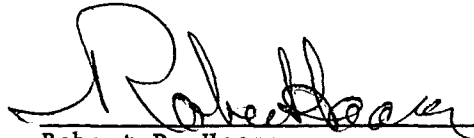
SECTION 7. Ins 18.14 is created to read:

Ins 18.14 PENALTY FOR LATE ASSESSMENT PAYMENT. An insurer that violates s. 619.135 (1) (b), Stats., is subject to a penalty of \$250. Each week the violation continues is a separate offense.

SECTION 8. INITIAL APPLICABILITY. This rule first applies to penalties for late payment of assessments based on notices under s. 619.12 (am), (b) and (c), Stats., received on August 15, 1991.

SECTION 9. EFFECTIVE DATE. This rule will take effect on the first day of the first month after publication, as provided in s. 227.22 (2) (intro.), Stats.

Dated at Madison, Wisconsin, this 5th day of February, 1992.



Robert D. Haase
Commissioner of Insurance