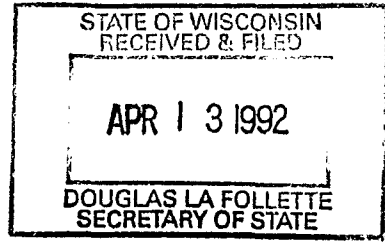


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STATE OF WISCONSIN )  
OFFICE OF THE COMMISSIONER OF INSURANCE )

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 18.05, 18.06, 18.07, and 18.12, Wis. Adm. Code, relating to 1992-93 premiums and premium reductions for the Health Insurance Risk Sharing Plan, eligibility for coverage, and calculation of operating and administrative costs, was issued by this office on April 13, 1992.

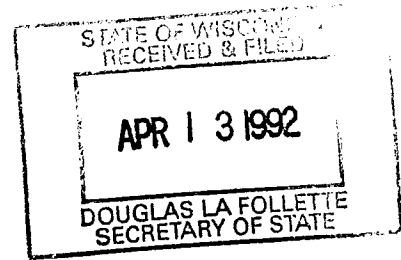
I further certify that I have compared this copy with the original on file in this office and that it is a true copy of the whole of the original.

Dated at Madison, Wisconsin, this 13<sup>th</sup> day of April, 1992.

Robert D. Haase  
Commissioner of Insurance

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ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

RENUMBERING AND AMENDING, AMENDING, REPEALING

AND RECREATING, AND CREATING A RULE

To renumber and amend Ins 18.07 (5) (b) 1 (intro.) and 2; to amend Ins 18.06, 18.07 (5) (a) and (c) and 18.12 (3); to repeal and recreate Ins 18.07 (5) (b) (schedule); and to create Ins 18.05 (2) (c) and 18.07 (5) (bg), relating to 1992-93 premiums and premium reductions for the health insurance risk sharing plan, eligibility for coverage and calculation of operating and administrative costs.

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ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory authority: ss. 601.41 (3), 619.11 and 619.14 (5) (a),  
Stats.

Statutes Interpreted: ss. 619.12 (2) (e), 619.14 (5) (a), 619.165  
(1) (b) and 619.17 (1) and (2), Stats.

The health insurance risk sharing plan (HIRSP) offers health insurance for persons who are unable to obtain, or who have difficulty in obtaining, insurance in the private market. The commissioner of insurance is

required to set HIRSP premiums by rule. The schedule of premiums in this rule was approved by the HIRSP board of governors and meets the statutory requirement that rates be set at 60% of HIRSP's operating and administrative costs. In calculating the operating and administrative costs, the board of governors did not include the cost of the subsidy program which helps to fund premium and deductible reductions for low income HIRSP insureds. The rule makes clear that subsidy costs are not included in rate-setting determinations, because these costs are recovered through special assessments on health insurers if the amounts appropriated by the legislature and collected as penalties from insurers are insufficient.

1991 Wisconsin Act 39, the biennial budget bill, amended the method of calculating premium reductions for low income individuals covered by HIRSP. Premium reductions are funded by a general purpose revenue appropriation, penalty assessments paid by insurers whose actions result in an individual's becoming eligible for HIRSP, and special assessments against insurers.

Under the new procedure, the premium reduction is based on a percentage of the rate a standard risk would be charged under an individual policy purchased from a private insurer that provides substantially the same coverage and deductibles as HIRSP provides. This rule creates the tables establishing those standard rates for individuals by age, sex and geographic location for the major medical plan offered by HIRSP for the 1992-93 policy year. The standard rates for HIRSP's medicare plan are 50% of the rates for the major medical plan. These standard rates were determined by the actuarial committee of the HIRSP board of governors. The rates established in the rule will be multiplied by the applicable statutory percentage to arrive at the

premium charged to an individual eligible for a premium reduction. The commissioner of insurance promulgated a table of standard rates for the period January 1, 1992, to June 30, 1992, as an emergency rule in December 1991. The updated table of standard rates in this rule replaces the table in the emergency rule.

Act 39 also created a provision denying eligibility for HIRSP to any person who is eligible for health care benefits provided by an employer on a self-insured basis or through health insurance. The HIRSP board interprets this provision as not excluding from HIRSP eligibility a person who has employer-based health benefits that are limited by a rider that substantially reduces coverage or excludes coverage for a major condition for more than 12 months, so the person is not eligible for the full benefits available to other employees under the plan. This rule codifies that interpretation and also provides that the statute does not preclude a person who has continuation coverage under an employer's plan from applying for HIRSP during the continuation period so the person can satisfy HIRSP's 6-month preexisting condition waiting period while on continuation.

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SECTION 1. Ins 18.05 (2) (c) is created to read:

Ins 18.05 (2) (c) Section 619.12 (2) (e), Stats., does not preclude eligibility for coverage under the plan under any of the following conditions:

1. The health care benefits plan for which the person is eligible through his or her employer includes a rider excluding coverage for one or more of the person's conditions for more than 12 months or provides more limited coverage than the coverage available to others covered by the employer's plan.

2. The person has continued coverage under s. 632.897, Stats., or the federal consolidated omnibus budget reconciliation act of 1985, as amended.

SECTION 2. Ins 18.06 is amended to read:

Ins 18.06 PARTICIPATION OF INSURERS. Every insurer shall ~~participate share~~ in the ~~cost-of-administering expenses of~~ the plan ~~in-accordance-with-the formula-established as provided~~ in s. 619.13 (1) (b), Stats. In setting premiums under s. Ins 18.07 (5), the board of governors shall not include any subsidies for the reduction of the cost of premiums or of deductibles in the calculation of operating and administrative costs of the plan. The commissioner ~~shall-have-the-authority-to~~ may waive ~~assessments-for-insurers the assessment for an insurer or any class of insurers for any year when it is determined that the administrative costs of collecting the assessment would exceed the amount of the assessment.~~

SECTION 3. Ins 18.07 (5) (a) is amended to read:

Ins 18.07 (5) (a) Premiums, deductibles and coinsurance shall conform with ss. 619.14 (5), 619.165 and 619.17, Stats.

SECTION 4. Ins 18.07 (5) (b) 1. (intro.) is renumbered Ins 18.07 (5) (b) (intro.) and amended to read:

Ins 18.07 (5) (b) (intro.) The schedule of annual premiums,--based-on data-compiled-from-the-health-insurance-industry,--shall-be for the period from July 1, 1992, to June 30, 1993, for persons not entitled to a premium reduction under s. 619.165, Stats., is as follows:

SECTION 5. Ins 18.07 (5) (b) (schedule), as renumbered, is repealed  
and recreated to read:

MAJOR MEDICAL PLAN

<u>Age Group</u>	<u>Males</u>		
	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
0-29	\$1,076	\$ 968	\$ 860
30-39	1,292	1,164	1,032
40-44	1,700	1,532	1,360
45-49	2,208	1,988	1,768
50-54	2,852	2,568	2,280
55-59	3,620	3,260	2,896
60-64	4,188	3,768	3,352

MAJOR MEDICAL PLAN

<u>Age Group</u>	<u>Females</u>		
	0-18	\$1,076	\$ 968
19-29	1,568	1,412	1,256
30-39	1,828	1,644	1,464
40-44	2,140	1,928	1,712
45-49	2,504	2,252	2,004
50-54	2,880	2,592	2,304
55-59	3,264	2,936	2,612
60-64	3,580	3,224	2,864

MEDICARE PLAN

<u>Age Group</u>	<u>Males</u>		
	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
0-49	\$1,136	\$1,136	\$1,024
50-54	1,428	1,284	1,140
55-59	1,812	1,632	1,448
60-64	2,096	1,884	1,676
	<u>Females</u>		
0-44	\$1,136	\$1,136	\$1,024
45-49	1,252	1,136	1,024
50-54	1,440	1,296	1,152
55-59	1,632	1,468	1,308
60-64	1,792	1,612	1,432

SECTION 6. Ins 18.07 (5) (b) 2 is renumbered Ins 18.07 (5) (br) and amended to read:

Ins 18.07 (5) (br) For the purposes of ~~par. (a)~~ pars. (b) and (bg), Zone 1 shall contain all of the Wisconsin postal zip code ~~area~~ areas in which the first 3 digits are 532. Zone 2 shall contain postal zip code areas in which the first 3 digits are 530, 531, 534 and 537. Zone 3 shall contain postal zip code areas not contained in Zones 1, 2 or 4. ~~Zone 4 shall contain postal zip code areas in which the first 3 digits are 540 and 547~~ and 2.

SECTION 7. Ins 18.07 (5) (bg) is created to read:

Ins 18.07 (5) (bg) 1. The annual rates applicable to standard risks under individual policies providing substantially the same coverage and

deductibles as the plan's major medical plan for the period from July 1, 1992, to June 30, 1993, are as follows:

MAJOR MEDICAL PLAN

<u>Age Group</u>	<u>Males</u>		
	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
0-24	\$ 601.92	\$ 541.73	\$ 481.54
25-29	616.45	554.81	493.16
30-34	670.03	603.03	536.02
35-39	782.81	704.53	626.25
40-44	935.60	842.04	748.48
45-49	1,184.73	1,066.26	947.78
50-54	1,555.44	1,399.90	1,244.35
55-59	1,959.75	1,763.78	1,567.80
60-64	2,310.16	2,079.14	1,848.13
	<u>Females</u>		
	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
0-18	\$ 601.92	\$ 541.73	\$ 481.54
19-24	956.56	860.90	765.25
25-29	982.93	884.64	786.34
30-34	1,031.54	928.39	825.23
35-39	1,124.09	1,011.68	899.27
40-44	1,225.64	1,103.08	980.51
45-49	1,395.05	1,255.55	1,116.04
50-54	1,609.78	1,448.80	1,287.82
55-59	1,842.03	1,657.83	1,473.62
60-64	2,097.62	1,887.86	1,678.10

2. The annual rate applicable to a standard risk under an individual policy providing substantially the same coverage and deductibles as the plan's medicare plan is 50% of the rate specified in subd. 1 for the individual's age, sex and zone.



3. In calculating the annual premium for an individual eligible for a reduction in premium, the plan shall apply the appropriate percentage specified in s. 619.165 (1) (b) 1 to 4, Stats., to the rate specified for that individual in subd. 1 or 2. The annual premium calculated under this subdivision shall be rounded to the nearest whole dollar amount that is divisible by 4.

SECTION 8. Ins 18.07 (5) (c) is amended to read:

Ins 18.07 (5) (c) ~~Premiums shall be set by rule by the commissioner, based on all available data, including industry experience and actual plan experience.~~ The commissioner shall have on file an actuarial report detailing the process whereby by which rates were determined.

SECTION 9. Ins 18.12 (3) is amended to read:

Ins 18.12 (3) (title) CALCULATION OF PREMIUM AND DEDUCTIBLE REDUCTIONS. The ~~schedule of~~ method of calculating premium reductions is set forth in s. ~~619.165, Stats.~~ Ins 18.07 (5) (bg). The schedule of deductible reductions is set forth in s. 619.14 (5) (a), Stats. ~~Premium~~ The availability of premium and deductible reductions ~~are is~~ based on ~~these schedules and on~~ the availability of funds as appropriated under s. 20.145 (7) (a) and (g), Stats.

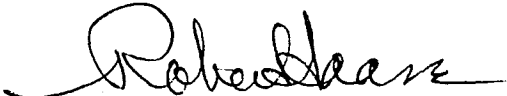
SECTION 10. EFFECTIVE DATE. This rule will take effect on the first day of the month beginning after publication, as provided in s. 227.22 (2) (intro.), Stats.

Dated at Madison, Wisconsin, this 13<sup>th</sup> day of April, 1992.

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Robert D. Haase  
Commissioner of Insurance