



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2005 Wisconsin Act 231
[2005 Assembly Bill 926]

**Health Benefit Purchasing
Cooperatives**

2005 Wisconsin Act 231 modifies the statutes that relate to health benefit purchasing cooperatives (commonly referred to as CoopCare).

Under the statutes, health benefit purchasing cooperatives may be organized in geographic areas that are designated by the Commissioner of Insurance, after consultation with the Wisconsin Federation of Cooperatives. The statutes provide that the purpose of a health benefit purchasing cooperative is to provide health care benefits for specified individuals through a contract with an insurer authorized to do business in Wisconsin in one or more lines of health insurance. Any person that does business in, is located in, has a principal office in, or resides in the geographic area, that meets the membership criteria established by the cooperative in its bylaws, and that pays the membership fee may be a member of the cooperative. Membership criteria must be filed with the Commissioner of Insurance. A cooperative may limited membership of self-employed individuals through its membership criteria, but the criteria must be applied in the same manner to all self-employed individuals.

Under the statutes relating to health benefit purchasing cooperatives, the benefits are negotiated between the cooperative and the insurer. The insurer must offer coverage to all of the following: (1) an individual who is a member, officer, or eligible employee (i.e., working on a permanent basis and having a normal work week of 30 or more hours) of a member of the cooperative; (2) a self-employed individual who is a member of the cooperative; (3) a dependent of an individual listed under the first two items who receives coverage.

2005 Wisconsin Act 231 amends the statutes relating to health benefit purchasing cooperatives in the following manner:

- The Act specifies that the health benefit purchasing cooperative is to provide health care benefits under a single group health care policy or plan through a contract between the cooperative and an insurer. All members receive their benefits under this group health care policy or plan.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

- The Act specifies that the contract is between the cooperative and the insurer, rather than between members of the cooperative and the insurer.
- The Act specifies that an insurer that contracts with a cooperative that provides health care benefits for more than 50 individuals who are members of the cooperative or employees of one or more members of the cooperative is not a small employer insurer with respect to that contract. In addition, a definition is created in ch. 635, Stats., the chapter of the statutes that regulates small employer health insurance, to specify that the term “small employer” does not include a cooperative that provides health care benefits for more than 50 individuals who are members or employees of one or more members of the cooperative, and the term does not include a member of the cooperative.

Effective Date: The Act takes effect on April 13, 2006.

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RNS:ksm