

2007 SENATE BILL 562

March 5, 2008 – Introduced by Senator ERPENBACH. Referred to Committee on Health, Human Services, Insurance, and Job Creation.

1 **AN ACT** *to repeal* 40.05 (4) (ar), 609.01 (7), 609.10, 609.20 (1m) (c), 609.20 (1m)
2 (d), 628.36 (4) (b) 1., 628.36 (4) (b) 2. and 628.36 (4) (b) 3.; *to renumber and*
3 **amend** 40.51 (6) and 62.61; *to amend* 13.172 (1), 13.48 (13) (a), 13.62 (2), 13.95
4 (intro.), 16.002 (2), 16.004 (4), 16.004 (5), 16.004 (12) (a), 16.045 (1) (a), 16.41
5 (4), 16.417 (1) (a), 16.52 (7), 16.528 (1) (a), 16.53 (2), 16.54 (9) (a) 1., 16.70 (2),
6 16.765 (1), 16.765 (2), 16.765 (4), 16.765 (5), 16.765 (6), 16.765 (7) (intro.),
7 16.765 (7) (d), 16.765 (8), 16.85 (2), 16.865 (8), 40.05 (4) (ag) (intro.), 40.05 (4)
8 (b), 40.05 (4) (be), 40.51 (1), 40.51 (2), 40.51 (7), 40.51 (8), 40.51 (8m), 40.52 (1)
9 (intro.), 40.52 (2), 40.98 (2) (a) 1., 49.473 (2) (c), 49.68 (3) (d) 1., 49.683 (3), 49.685
10 (6) (b), 59.52 (11) (c), 60.23 (25), 66.0137 (4), 66.0137 (4m) (b), 66.0137 (5), 71.26
11 (1) (be), 77.54 (9a) (a), 100.45 (1) (dm), 111.70 (1) (dm), 111.70 (4) (cm) 8s., 120.13
12 (2) (b), 120.13 (2) (g), 230.03 (3), 285.59 (1) (b), 628.36 (4) (a) (intro.), 632.87 (5),
13 632.895 (10) (a), 632.895 (11) (a) (intro.), 632.895 (11) (c) 1., 632.895 (11) (d),
14 632.895 (12) (b) (intro.), 632.895 (12) (c), 632.895 (13) (a), 632.895 (13) (b),

SENATE BILL 562

1 632.895 (14) (b) and 632.895 (14) (c); and **to create** 13.94 (1) (dj), 13.94 (1s) (c)
2 5., 16.004 (7d), 16.004 (7h), 20.855 (4m), 25.17 (1) (gd), 25.775, 40.05 (4) (a) 4.,
3 40.05 (4g) (d), 40.51 (6) (b), 40.52 (1m), 49.45 (54), 49.687 (1m) (d), 62.61 (1) (b),
4 70.11 (41p), 109.075 (9), 111.91 (2) (pt), 149.12 (2) (em), chapter 260, 632.895 (8)
5 (f) 4., 632.895 (9) (d) 4., 632.895 (10) (b) 6., 632.895 (11) (e) 3. and 632.895 (14)
6 (d) 7. of the statutes; **relating to:** the establishment of the Healthy Wisconsin
7 Plan and the Healthy Wisconsin Authority, granting rule-making authority,
8 and making an appropriation.

Analysis by the Legislative Reference Bureau***Healthy Wisconsin Authority and Plan***

This bill creates the Healthy Wisconsin Authority (HWA), a public body corporate and politic that is created by state law but that is not a state agency. HWA is governed by a board of trustees (board) consisting of, as nonvoting members, the secretary of employee trust funds and four members of a health care advisory committee created in the bill, and all of the following voting members, nominated by the governor and with the advice and consent of the senate appointed, for staggered six-year terms: four members selected from a list of names submitted by statewide labor or union coalitions; four members selected from a list of names submitted by statewide business and employer organizations; one member selected from a list of names submitted by statewide public school teacher labor organizations; one member selected from a list of names submitted by statewide small business organizations; two members who are farmers, selected from a list of names submitted by statewide general farm organizations; one member who is a self-employed person; and three members selected from a list of names submitted by statewide health care consumer organizations.

Because HWA is not a state agency, numerous laws that apply to state agencies do not apply to HWA. However, HWA is treated like a state agency in the following respects, among others: 1) it is generally subject to the open records and open meetings laws; 2) it is treated like a state agency for purposes of the law regulating lobbying; 3) it is exempt from income tax, sales and use tax, and property taxes; 4) the Code of Ethics for Public Officials and Employees covers HWA; and 5) it is subject to auditing by the Legislative Audit Bureau.

HWA is unlike a state agency in many other ways, including: 1) it may approve its own budget without going through the state budgetary process; 2) its employees are not state employees, are not included in the state system of personnel management, and are hired outside the state hiring system; and 3) it is not subject

SENATE BILL 562

to statutory rule-making procedures, including requirements for legislative review of proposed rules. Unlike most other authorities, HWA may not issue bonds.

HWA must establish and administer a health care plan (plan), known as Healthy Wisconsin, for all eligible persons in the state. HWA must establish an office of outreach, enrollment, and advocacy to perform outreach services to enroll persons in the plan, to assist persons in choosing their health care coverage options, to act as an advocate for plan participants, and to provide information to the public, agencies, and legislators regarding the plan. HWA also must establish a health care advisory committee to advise HWA on various health matters, such as promoting healthier lifestyles, disease management, increasing transparency in health care cost and quality information, reducing health care costs, and confidentiality of medical information. The committee is comprised of the following members: at least one member each designated by the Wisconsin Medical Society, Inc., the Wisconsin Academy of Family Physicians, and the Wisconsin Hospital Association, Inc.; one member each designated by the president of the Board of Regents of the University of Wisconsin System, the president of the Medical College of Wisconsin, the Wisconsin Dental Association, and statewide organizations interested in mental health issues; two members designated by the Wisconsin Nurses Association, the Wisconsin Federation of Nurses and Health Professionals, and the Service Employees International Union; one member representing health care administrators; and one member representing health care professionals.

Plan eligibility

A person is eligible to participate in the plan if he or she has maintained his or her place of permanent abode in this state for at least 12 months, maintains a substantial presence in this state, is under 65 years of age, is not eligible for health care coverage from the federal or a foreign government, is not an inmate of a penal facility or confined in or committed to an institution for the mentally ill or developmentally disabled, and, unless a federal waiver is granted and in effect, is not eligible for a Medical Assistance (MA) program, including the BadgerCare Plus program, unless the MA program or an eligibility category under an MA program is not receiving federal matching funds for the benefits under the program or category. Under the bill, the Department of Health and Family Services (DHFS) is required to request a federal waiver allowing those eligible for MA to participate in the plan. Persons who are gainfully employed in the state and pregnant women who reside in this state are also eligible for the plan if they meet all of the eligibility criteria except that they have not maintained a permanent abode in this state for at least 12 months. Children under the age of 18 years who reside in this state with parents who have not maintained a permanent abode in this state for at least 12 months are also eligible regardless of how long they have lived in the state if they meet the other eligibility criteria.

Benefits and cost sharing

The plan must provide the same benefits that were in effect as of January 1, 2008, under the state employee health benefit plan. The board may adjust the benefits to provide additional cost-effective treatment options that would reduce health care costs, avoid health risks, or result in better health outcomes. In addition,

SENATE BILL 562

the plan must cover preventive dental care for children up to 18 years of age and must cover mental health services and alcohol and other drug abuse treatment to the same extent as the plan covers treatment for physical conditions. Generally, except for prescription drugs to which a deductible applies, and except for copayments for drugs, the board assumes the risk for and pays directly for prescription drugs provided to participants. The board is directed to replicate the prescription drug buying system developed by the Group Insurance Board for prescription drug coverage for state employees, and may join with other states to form a multistate purchasing group to negotiate with prescription drug manufacturers for reduced prices.

Certain specified preventive services, such as prenatal care, preventive dental care for children, and medically appropriate colonoscopies and gynecological exams, are covered without any cost sharing. Except for those specified preventive services, copayments during a year are \$20 for medical and hospital and related services for persons who are at least 18 years of age on January 1 of that year. Certain other services, such as inappropriate emergency room use, have higher copayments. All persons, regardless of age, must pay copayments of \$5 for generic prescription drugs, \$15 for brand-name prescription drugs on the formulary determined by the board, and \$40 for brand-name prescription drugs not on the formulary.

There is no deductible during a year for persons who are under age 18 on January 1 of that year. Persons who are at least 18 years of age on January 1 of a year must pay a deductible of \$300 during that year, but the deductible amount is limited to \$600 per year for families with two or more persons who are at least 18 years of age on January 1 of that year. The maximum out-of-pocket amount for copayments, coinsurance, and deductibles is \$2,000 a year for a person who is at least 18 years of age on January 1 of that year, but not more than \$3,000 a year for a family consisting of two or more persons.

The bill contains certain requirements for providers with respect to charging interest on deductible amounts not paid, providing services to persons who have not paid a deductible amount, and charging for services to which a deductible applies.

Choice of health care network or fee-for-service option

Under the bill, the board may establish areas in the state for the purpose of receiving bids from health care networks. In each area designated by the board, the plan must offer participants two options for the delivery of their health care services: a fee-for-service option and a health care network (network) option. Annually, the board must solicit bids from networks, which are defined in the bill as a provider-driven, coordinated group of health care providers and facilities. Only qualifying networks may be selected to provide services in an area. The bill specifies various criteria related to a network's organization and provision of services that a network must satisfy to be qualifying. On the basis of the bids and other information submitted by the networks, the board must certify which networks are qualifying, and then classify the certified networks according to price and quality measures as the lowest-cost network, low-cost networks, and higher-cost networks.

During annual open enrollment periods, plan participants may select a fee-for-service option or a certified network for the delivery of their health care.

SENATE BILL 562

Participants who do not make a selection are assigned randomly to the lowest-cost network or a low-cost network, or to a fee-for-service option that is the lowest-cost option. In addition, a participant who selects a higher-cost network or a fee-for-service option and who fails to pay any required additional premium amount will be assigned randomly to the lowest-cost network or a low-cost network, or to a fee-for-service option that is the lowest-cost option. Each participant must select a primary care provider who is responsible for overseeing all of the participant's care.

On behalf of a participant who selects a network classified as the lowest-cost network or a low-cost network, the board pays to the network on a monthly basis the amount that the network bid, and the participant pays no additional amount as premium. On behalf of a participant who chooses a network classified as a higher-cost network, the board pays to the network on a monthly basis the amount that was bid by the lowest-cost network, and the participant must pay the difference between what the network bid and the amount that the board pays.

The board establishes provider payment rates for services provided under a fee-for-service option. A provider that provides services to a participant who has selected a fee-for-service option must accept the rate established by the board as the full payment and may not charge the participant any amount by which the provider's charge has been reduced. In addition to establishing provider payment rates, the board, with the assistance of actuarial consultants, establishes the monthly risk-adjusted cost of the fee-for-service option and classifies the fee-for-service option in the same manner as networks are classified. A participant who selects a fee-for-service option that is classified as a higher-cost choice must pay an additional amount, which is capped in the bill, that is based on the classification of the fee-for-service option chosen by the participant and the number of certified low-cost networks available to the participant. There is no additional cost to a participant who chooses a fee-for-service option if the board determines that there are no low-cost networks available to the participant.

Assessments on individuals and employers

Under the bill, the Department of Revenue (DOR) must impose and collect assessments that are calculated by the board, based on the board's anticipated revenue needs. The assessments may be collected from individuals and employers through the income tax system, or through another system devised by DOR.

Generally, the assessment for an individual who is the employee of another person is between 2 percent and 4 percent of the individual's social security wages. If the individual's social security wages are 150 percent or less of the federal poverty line, however, the assessment is zero. If such wages are between 150 percent and 300 percent of the poverty line, the assessment is on a sliding scale between zero and 4 percent, depending on the amount of the individual's social security wages and on the number his or her dependents.

The assessment on a self-employed individual is between 9 percent and 10 percent. The assessment on someone who is eligible to participate in the plan but who is neither self-employed nor the employee of another person is 10 percent of the individual's federal adjusted gross income, up to the maximum amount of the income subject to social security tax.

SENATE BILL 562

The maximum amount of an assessment that DOR may impose on a household, defined as an individual, his or her spouse, and his or her immediate family, as that term is defined by the board, is 4 percent of the annual limit on the contribution and benefit base of the Old-Age, Survivors, and Disability Insurance program, as calculated annually by the U.S. Social Security Administration. For 2008, this base is \$102,000.

For an employer, the assessment calculated by the board must be between 9 percent and 12 percent of an employer's aggregate social security wages, except that for taxable year 2010 the assessment imposed on a small employer (an employer who has no more than ten employees) is 33 percent of the amount calculated that would otherwise be collected. For taxable year 2011, the assessment on a small employer is 67 percent of the amount calculated that would otherwise be collected.

The assessments that are collected by DOR must be deposited into the Healthy Wisconsin trust fund. The board may annually increase or decrease the assessment percentages for individuals and employers, but an annual increase may not exceed the percentage increase in medical inflation, unless otherwise provided by law.

Miscellaneous matters

Under current law, DHFS provides financial assistance to eligible persons who have chronic kidney disease, cystic fibrosis, or hemophilia for the cost of medical treatment for those diseases. This assistance is collectively referred to as the Chronic Disease Aids Program. Generally, a person with one of these chronic diseases who has other health care coverage is not eligible for assistance under the Chronic Disease Aids Program. Under the bill, a person with coverage under the plan is still eligible for assistance under the Chronic Disease Aids Program.

Under current law, the state is required to, and counties, cities, villages, and towns (political subdivisions) may, provide health care coverage through insurance or on a self-insured basis for their employees. The bill provides that the state and political subdivisions may provide for their employees health care benefits that are not provided under the plan, since state and political subdivision employees, if they satisfy the eligibility criteria, will have coverage under the plan.

Under the bill, if a entity that levies a property tax reduces the costs of providing health care benefits to its employees as a result of providing benefits under the plan, the entity must distribute at least 50 percent of the reduction amount as reduction in property taxes levied for 2010. The reduction amount for each taxpayer is based on the equalized value of the taxpayer's property.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SENATE BILL 562

1 **SECTION 1.** 13.172 (1) of the statutes, as affected by 2007 Wisconsin Act 20, is
2 amended to read:

3 13.172 **(1)** In this section, “agency” means an office, department, agency,
4 institution of higher education, association, society, or other body in state
5 government created or authorized to be created by the constitution or any law, that
6 is entitled to expend moneys appropriated by law, including the legislature and the
7 courts, and any authority created in subch. II of ch. 114 or subch. III of ch. 149 or in
8 ch. 231, 233, 234, 260, or 279.

9 **SECTION 2.** 13.48 (13) (a) of the statutes is amended to read:

10 13.48 **(13)** (a) Except as provided in par. (b) or (c), every building, structure or
11 facility that is constructed for the benefit of or use of the state, any state agency,
12 board, commission or department, the University of Wisconsin Hospitals and Clinics
13 Authority, the Fox River Navigational System Authority, the Healthy Wisconsin
14 Authority, or any local professional baseball park district created under subch. III
15 of ch. 229 if the construction is undertaken by the department of administration on
16 behalf of the district, shall be in compliance with all applicable state laws, rules,
17 codes and regulations but the construction is not subject to the ordinances or
18 regulations of the municipality in which the construction takes place except zoning,
19 including without limitation because of enumeration ordinances or regulations
20 relating to materials used, permits, supervision of construction or installation,
21 payment of permit fees, or other restrictions.

22 **SECTION 3.** 13.62 (2) of the statutes, as affected by 2007 Wisconsin Act 20, is
23 amended to read:

24 13.62 **(2)** “Agency” means any board, commission, department, office, society,
25 institution of higher education, council, or committee in the state government, or any

SENATE BILL 562

1 authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 232, 233,
2 234, 237, 260, or 279, except that the term does not include a council or committee
3 of the legislature.

4 **SECTION 4.** 13.94 (1) (dj) of the statutes is created to read:

5 13.94 (1) (dj) Annually, conduct a financial audit of the Healthy Wisconsin Plan
6 under ch. 260 and file copies of each audit report under this paragraph with the
7 distributees specified in par. (b).

8 **SECTION 5.** 13.94 (1s) (c) 5. of the statutes is created to read:

9 13.94 (1s) (c) 5. The Healthy Wisconsin Authority for the cost of the audit under
10 sub. (1) (dj).

11 **SECTION 6.** 13.95 (intro.) of the statutes, as affected by 2007 Wisconsin Act 20,
12 is amended to read:

13 **13.95 Legislative fiscal bureau.** (intro.) There is created a bureau to be
14 known as the “Legislative Fiscal Bureau” headed by a director. The fiscal bureau
15 shall be strictly nonpartisan and shall at all times observe the confidential nature
16 of the research requests received by it; however, with the prior approval of the
17 requester in each instance, the bureau may duplicate the results of its research for
18 distribution. Subject to s. 230.35 (4) (a) and (f), the director or the director’s
19 designated employees shall at all times, with or without notice, have access to all
20 state agencies, the University of Wisconsin Hospitals and Clinics Authority, the
21 Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority,
22 the Healthy Wisconsin Authority, the Lower Fox River Remediation Authority, and
23 the Fox River Navigational System Authority, and to any books, records, or other
24 documents maintained by such agencies or authorities and relating to their
25 expenditures, revenues, operations, and structure.

SENATE BILL 562

1 **SECTION 7.** 16.002 (2) of the statutes, as affected by 2007 Wisconsin Act 20, is
2 amended to read:

3 16.002 **(2)** “Departments” means constitutional offices, departments, and
4 independent agencies and includes all societies, associations, and other agencies of
5 state government for which appropriations are made by law, but not including
6 authorities created in subch. II of ch. 114 or subch. III of ch. 149 and in chs. 231, 232,
7 233, 234, 235, 237, 260, and 279.

8 **SECTION 8.** 16.004 (4) of the statutes, as affected by 2007 Wisconsin Act 20, is
9 amended to read:

10 16.004 **(4)** FREEDOM OF ACCESS. The secretary and such employees of the
11 department as the secretary designates may enter into the offices of state agencies
12 and authorities created under subch. II of ch. 114 or subch. III of ch. 149 and under
13 chs. 231, 233, 234, 237, 260, and 279, and may examine their books and accounts and
14 any other matter that in the secretary’s judgment should be examined and may
15 interrogate the agency’s employees publicly or privately relative thereto.

16 **SECTION 9.** 16.004 (5) of the statutes, as affected by 2007 Wisconsin Act 20, is
17 amended to read:

18 16.004 **(5)** AGENCIES AND EMPLOYEES TO COOPERATE. All state agencies and
19 authorities created under subch. II of ch. 114 or subch. III of ch. 149 and under chs.
20 231, 233, 234, 237, 260, and 279, and their officers and employees, shall cooperate
21 with the secretary and shall comply with every request of the secretary relating to
22 his or her functions.

23 **SECTION 10.** 16.004 (7d) of the statutes is created to read:

24 16.004 **(7d)** CONTAINMENT OF HEALTH CARE COSTS. In consultation with the board
25 of the Healthy Wisconsin Authority, the secretary shall establish, by rule, a program

SENATE BILL 562

1 to contain health care costs in this state during any year in which the board
2 determines that health care costs increase at a rate exceeding the national average
3 of medical inflation, as defined in s. 260.01 (4).

4 **SECTION 11.** 16.004 (7h) of the statutes is created to read:

5 **16.004 (7h)** EMPLOYER ASSESSMENTS TO THE HEALTHY WISCONSIN TRUST FUND.

6 The secretary shall establish a methodology for allocating employer assessments
7 among state agencies to pay the Healthy Wisconsin trust fund for the operation and
8 funding of the Healthy Wisconsin Plan under ch. 260. State agencies shall pay, from
9 appropriations used to fund fringe benefit costs of state employees, to the Healthy
10 Wisconsin trust fund amounts determined by the secretary.

11 **SECTION 12.** 16.004 (12) (a) of the statutes, as affected by 2007 Wisconsin Act
12 20, is amended to read:

13 **16.004 (12) (a)** In this subsection, “state agency” means an association,
14 authority, board, department, commission, independent agency, institution, office,
15 society, or other body in state government created or authorized to be created by the
16 constitution or any law, including the legislature, the office of the governor, and the
17 courts, but excluding the University of Wisconsin Hospitals and Clinics Authority,
18 the Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan
19 Authority, the Healthy Wisconsin Authority, the Lower Fox River Remediation
20 Authority, and the Fox River Navigational System Authority.

21 **SECTION 13.** 16.045 (1) (a) of the statutes, as affected by 2007 Wisconsin Act 20,
22 is amended to read:

23 **16.045 (1) (a)** “Agency” means an office, department, independent agency,
24 institution of higher education, association, society, or other body in state
25 government created or authorized to be created by the constitution or any law, that

SENATE BILL 562

1 is entitled to expend moneys appropriated by law, including the legislature and the
2 courts, but not including an authority created in subch. II of ch. 114 or subch. III of
3 ch. 149 or in ch. 231, 232, 233, 234, 235, 237, 260, or 279.

4 **SECTION 14.** 16.41 (4) of the statutes, as affected by 2007 Wisconsin Act 20, is
5 amended to read:

6 16.41 (4) In this section, “authority” means a body created under subch. II of
7 ch. 114 or subch. III of ch. 149 or under ch. 231, 233, 234, 237, 260, or 279.

8 **SECTION 15.** 16.417 (1) (a) of the statutes is amended to read:

9 16.417 (1) (a) “Agency” means an office, department, independent agency,
10 institution of higher education, association, society, or other body in state
11 government created or authorized to be created by the constitution or any law, that
12 is entitled to expend moneys appropriated by law, including the legislature and the
13 courts, but not including an authority or the body created under subch. III of ch. 149
14 or under ch. 260.

15 **SECTION 16.** 16.52 (7) of the statutes, as affected by 2007 Wisconsin Act 20, is
16 amended to read:

17 16.52 (7) PETTY CASH ACCOUNT. With the approval of the secretary, each agency
18 that is authorized to maintain a contingent fund under s. 20.920 may establish a
19 petty cash account from its contingent fund. The procedure for operation and
20 maintenance of petty cash accounts and the character of expenditures therefrom
21 shall be prescribed by the secretary. In this subsection, “agency” means an office,
22 department, independent agency, institution of higher education, association,
23 society, or other body in state government created or authorized to be created by the
24 constitution or any law, that is entitled to expend moneys appropriated by law,

SENATE BILL 562

1 including the legislature and the courts, but not including an authority created in
2 subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 233, 234, 237, 260, or 279.

3 **SECTION 17.** 16.528 (1) (a) of the statutes, as affected by 2007 Wisconsin Act 20,
4 is amended to read:

5 16.528 (1) (a) “Agency” means an office, department, independent agency,
6 institution of higher education, association, society, or other body in state
7 government created or authorized to be created by the constitution or any law, that
8 is entitled to expend moneys appropriated by law, including the legislature and the
9 courts, but not including an authority created in subch. II of ch. 114 or subch. III of
10 ch. 149 or in ch. 231, 233, 234, 237, 260, or 279.

11 **SECTION 18.** 16.53 (2) of the statutes, as affected by 2007 Wisconsin Act 20, is
12 amended to read:

13 16.53 (2) IMPROPER INVOICES. If an agency receives an improperly completed
14 invoice, the agency shall notify the sender of the invoice within 10 working days after
15 it receives the invoice of the reason it is improperly completed. In this subsection,
16 “agency” means an office, department, independent agency, institution of higher
17 education, association, society, or other body in state government created or
18 authorized to be created by the constitution or any law, that is entitled to expend
19 moneys appropriated by law, including the legislature and the courts, but not
20 including an authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch.
21 231, 233, 234, 237, 260, or 279.

22 **SECTION 19.** 16.54 (9) (a) 1. of the statutes, as affected by 2007 Wisconsin Act
23 20, is amended to read:

24 16.54 (9) (a) 1. “Agency” means an office, department, independent agency,
25 institution of higher education, association, society or other body in state

SENATE BILL 562

1 government created or authorized to be created by the constitution or any law, which
2 is entitled to expend moneys appropriated by law, including the legislature and the
3 courts, but not including an authority created in subch. II of ch. 114 or subch. III of
4 ch. 149 or in ch. 231, 233, 234, 237, 260, or 279.

5 **SECTION 20.** 16.70 (2) of the statutes, as affected by 2007 Wisconsin Act 20, is
6 amended to read:

7 16.70 (2) “Authority” means a body created under subch. II of ch. 114 or subch.
8 III of ch. 149 or under ch. 231, 232, 233, 234, 235, 237, 260, or 279.

9 **SECTION 21.** 16.765 (1) of the statutes, as affected by 2007 Wisconsin Act 20,
10 is amended to read:

11 16.765 (1) Contracting agencies, the University of Wisconsin Hospitals and
12 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
13 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the
14 Healthy Wisconsin Authority, the Lower Fox River Remediation Authority, and the
15 Bradley Center Sports and Entertainment Corporation shall include in all contracts
16 executed by them a provision obligating the contractor not to discriminate against
17 any employee or applicant for employment because of age, race, religion, color,
18 handicap, sex, physical condition, developmental disability as defined in s. 51.01 (5),
19 sexual orientation as defined in s. 111.32 (13m), or national origin and, except with
20 respect to sexual orientation, obligating the contractor to take affirmative action to
21 ensure equal employment opportunities.

22 **SECTION 22.** 16.765 (2) of the statutes, as affected by 2007 Wisconsin Act 20,
23 is amended to read:

24 16.765 (2) Contracting agencies, the University of Wisconsin Hospitals and
25 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin

SENATE BILL 562

1 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the
2 Healthy Wisconsin Authority, the Lower Fox River Remediation Authority, and the
3 Bradley Center Sports and Entertainment Corporation shall include the following
4 provision in every contract executed by them: “In connection with the performance
5 of work under this contract, the contractor agrees not to discriminate against any
6 employee or applicant for employment because of age, race, religion, color, handicap,
7 sex, physical condition, developmental disability as defined in s. 51.01 (5), sexual
8 orientation or national origin. This provision shall include, but not be limited to, the
9 following: employment, upgrading, demotion or transfer; recruitment or recruitment
10 advertising; layoff or termination; rates of pay or other forms of compensation; and
11 selection for training, including apprenticeship. Except with respect to sexual
12 orientation, the contractor further agrees to take affirmative action to ensure equal
13 employment opportunities. The contractor agrees to post in conspicuous places,
14 available for employees and applicants for employment, notices to be provided by the
15 contracting officer setting forth the provisions of the nondiscrimination clause”.

16 **SECTION 23.** 16.765 (4) of the statutes, as affected by 2007 Wisconsin Act 20,
17 is amended to read:

18 16.765 (4) Contracting agencies, the University of Wisconsin Hospitals and
19 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
20 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the
21 Healthy Wisconsin Authority, the Lower Fox River Remediation Authority, and the
22 Bradley Center Sports and Entertainment Corporation shall take appropriate action
23 to revise the standard government contract forms under this section.

24 **SECTION 24.** 16.765 (5) of the statutes, as affected by 2007 Wisconsin Act 20,
25 is amended to read:

SENATE BILL 562

1 16.765 (5) The head of each contracting agency and the boards of directors of
2 the University of Wisconsin Hospitals and Clinics Authority, the Fox River
3 Navigational System Authority, the Wisconsin Aerospace Authority, the Health
4 Insurance Risk-Sharing Plan Authority, the Healthy Wisconsin Authority, the
5 Lower Fox River Remediation Authority, and the Bradley Center Sports and
6 Entertainment Corporation shall be primarily responsible for obtaining compliance
7 by any contractor with the nondiscrimination and affirmative action provisions
8 prescribed by this section, according to procedures recommended by the department.
9 The department shall make recommendations to the contracting agencies and the
10 boards of directors of the University of Wisconsin Hospitals and Clinics Authority,
11 the Fox River Navigational System Authority, the Wisconsin Aerospace Authority,
12 the Health Insurance Risk-Sharing Plan Authority, the Healthy Wisconsin
13 Authority, the Lower Fox River Remediation Authority, and the Bradley Center
14 Sports and Entertainment Corporation for improving and making more effective the
15 nondiscrimination and affirmative action provisions of contracts. The department
16 shall promulgate such rules as may be necessary for the performance of its functions
17 under this section.

18 **SECTION 25.** 16.765 (6) of the statutes, as affected by 2007 Wisconsin Act 20,
19 is amended to read:

20 16.765 (6) The department may receive complaints of alleged violations of the
21 nondiscrimination provisions of such contracts. The department shall investigate
22 and determine whether a violation of this section has occurred. The department may
23 delegate this authority to the contracting agency, the University of Wisconsin
24 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the
25 Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority,

SENATE BILL 562

1 the Healthy Wisconsin Authority, the Lower Fox River Remediation Authority, or the
2 Bradley Center Sports and Entertainment Corporation for processing in accordance
3 with the department's procedures.

4 **SECTION 26.** 16.765 (7) (intro.) of the statutes, as affected by 2007 Wisconsin
5 Act 20, is amended to read:

6 16.765 (7) (intro.) When a violation of this section has been determined by the
7 department, the contracting agency, the University of Wisconsin Hospitals and
8 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
9 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the
10 Healthy Wisconsin Authority, the Lower Fox River Remediation Authority, or the
11 Bradley Center Sports and Entertainment Corporation, the contracting agency, the
12 University of Wisconsin Hospitals and Clinics Authority, the Fox River Navigational
13 System Authority, the Wisconsin Aerospace Authority, the Health Insurance
14 Risk-Sharing Plan Authority, the Healthy Wisconsin Authority, the Lower Fox River
15 Remediation Authority, or the Bradley Center Sports and Entertainment
16 Corporation shall:

17 **SECTION 27.** 16.765 (7) (d) of the statutes, as affected by 2007 Wisconsin Act 20,
18 is amended to read:

19 16.765 (7) (d) Direct the violating party to take immediate steps to prevent
20 further violations of this section and to report its corrective action to the contracting
21 agency, the University of Wisconsin Hospitals and Clinics Authority, the Fox River
22 Navigational System Authority, the Wisconsin Aerospace Authority, the Health
23 Insurance Risk-Sharing Plan Authority, the Healthy Wisconsin Authority, the
24 Lower Fox River Remediation Authority, or the Bradley Center Sports and
25 Entertainment Corporation.

SENATE BILL 562

1 **SECTION 28.** 16.765 (8) of the statutes, as affected by 2007 Wisconsin Act 20,
2 is amended to read:

3 16.765 **(8)** If further violations of this section are committed during the term
4 of the contract, the contracting agency, the Fox River Navigational System Authority,
5 the Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan
6 Authority, the Healthy Wisconsin Authority, the Lower Fox River Remediation
7 Authority, or the Bradley Center Sports and Entertainment Corporation may permit
8 the violating party to complete the contract, after complying with this section, but
9 thereafter the contracting agency, the Fox River Navigational System Authority, the
10 Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority,
11 the Healthy Wisconsin Authority, the Lower Fox River Remediation Authority, or the
12 Bradley Center Sports and Entertainment Corporation shall request the
13 department to place the name of the party on the ineligible list for state contracts,
14 or the contracting agency, the Fox River Navigational System Authority, the
15 Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority,
16 the Healthy Wisconsin Authority, the Lower Fox River Remediation Authority, or the
17 Bradley Center Sports and Entertainment Corporation may terminate the contract
18 without liability for the uncompleted portion or any materials or services purchased
19 or paid for by the contracting party for use in completing the contract.

20 **SECTION 29.** 16.85 (2) of the statutes, as affected by 2007 Wisconsin Act 20, is
21 amended to read:

22 16.85 **(2)** To furnish engineering, architectural, project management, and other
23 building construction services whenever requisitions therefor are presented to the
24 department by any agency. The department may deposit moneys received from the
25 provision of these services in the account under s. 20.505 (1) (kc) or in the general

SENATE BILL 562

1 fund as general purpose revenue — earned. In this subsection, “agency” means an
2 office, department, independent agency, institution of higher education, association,
3 society, or other body in state government created or authorized to be created by the
4 constitution or any law, which is entitled to expend moneys appropriated by law,
5 including the legislature and the courts, but not including an authority created in
6 subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 233, 234, 237, 260, or 279.

7 **SECTION 30.** 16.865 (8) of the statutes, as affected by 2007 Wisconsin Act 20,
8 is amended to read:

9 16.865 (8) Annually in each fiscal year, allocate as a charge to each agency a
10 proportionate share of the estimated costs attributable to programs administered by
11 the agency to be paid from the appropriation under s. 20.505 (2) (k). The department
12 may charge premiums to agencies to finance costs under this subsection and pay the
13 costs from the appropriation on an actual basis. The department shall deposit all
14 collections under this subsection in the appropriation account under s. 20.505 (2) (k).
15 Costs assessed under this subsection may include judgments, investigative and
16 adjustment fees, data processing and staff support costs, program administration
17 costs, litigation costs, and the cost of insurance contracts under sub. (5). In this
18 subsection, “agency” means an office, department, independent agency, institution
19 of higher education, association, society, or other body in state government created
20 or authorized to be created by the constitution or any law, that is entitled to expend
21 moneys appropriated by law, including the legislature and the courts, but not
22 including an authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch.
23 231, 232, 233, 234, 235, 237, 260, or 279.

24 **SECTION 31.** 20.855 (4m) of the statutes is created to read:

SENATE BILL 562

1 20.855 **(4m)** HEALTHY WISCONSIN PLAN. (s) *Healthy Wisconsin Authority*. From
2 the Healthy Wisconsin trust fund, a sum sufficient to pay the Healthy Wisconsin
3 Authority for the operation and funding of the Healthy Wisconsin Plan under ch. 260.
4 Estimated disbursements under this paragraph shall not be included in the schedule
5 under s. 20.005.

6 **SECTION 32.** 25.17 (1) (gd) of the statutes is created to read:

7 25.17 **(1)** (gd) Healthy Wisconsin trust fund (s. 25.775).

8 **SECTION 33.** 25.775 of the statutes is created to read:

9 **25.775 Healthy Wisconsin trust fund. (1)** There is established a separate,
10 nonlapsible trust fund designated as the Healthy Wisconsin trust fund, consisting
11 of all moneys appropriated or transferred to or deposited in the fund.

12 **SECTION 34.** 40.05 (4) (a) 4. of the statutes is created to read:

13 40.05 **(4)** (a) 4. This paragraph does not apply to any insured employee or
14 retired insured employee who receives health care coverage under the Healthy
15 Wisconsin Plan under ch. 260.

16 **SECTION 35.** 40.05 (4) (ag) (intro.) of the statutes is amended to read:

17 40.05 **(4)** (ag) (intro.) Beginning on January 1, 2004, except as otherwise
18 provided in accordance with a collective bargaining agreement under subch. I or V
19 of ch. 111 or s. 230.12 or 233.10, the employer shall pay for its currently employed
20 insured employees who are not covered under the Healthy Wisconsin Plan under ch.
21 260:

22 **SECTION 36.** 40.05 (4) (ar) of the statutes is repealed.

23 **SECTION 37.** 40.05 (4) (b) of the statutes is amended to read:

24 40.05 **(4)** (b) Except as provided under pars. (bc) and (bp), accumulated unused
25 sick leave under ss. 13.121 (4), 36.30, 230.35 (2), 233.10, and 757.02 (5) and subch.

SENATE BILL 562

1 I or V of ch. 111 of any eligible employee shall, at the time of death, upon qualifying
2 for an immediate annuity or for a lump sum payment under s. 40.25 (1) or upon
3 termination of creditable service and qualifying as an eligible employee under s.
4 40.02 (25) (b) 6. or 10., be converted, at the employee's highest basic pay rate he or
5 she received while employed by the state, to credits for payment of health insurance
6 premiums on behalf of the employee or the employee's surviving insured dependents.
7 Any supplemental compensation that is paid to a state employee who is classified
8 under the state classified civil service as a teacher, teacher supervisor, or education
9 director for the employee's completion of educational courses that have been
10 approved by the employee's employer is considered as part of the employee's basic
11 pay for purposes of this paragraph. The full premium for any eligible employee who
12 is insured at the time of retirement, or for the surviving insured dependents of an
13 eligible employee who is deceased, shall be deducted from the credits until the credits
14 are exhausted and paid from the account under s. 40.04 (10), and then deducted from
15 annuity payments, if the annuity is sufficient. The department shall provide for the
16 direct payment of premiums by the insured to the insurer if the premium to be
17 withheld exceeds the annuity payment. Upon conversion of an employee's unused
18 sick leave to credits under this paragraph or par. (bf), the employee or, if the employee
19 is deceased, the employee's surviving insured dependents may initiate deductions
20 from those credits or may elect to delay initiation of deductions from those credits,
21 but only if the employee or surviving insured dependents are covered by a
22 comparable health insurance plan or policy during the period beginning on the date
23 of the conversion and ending on the date on which the employee or surviving insured
24 dependents later elect to initiate deductions from those credits. If an employee or an
25 employee's surviving insured dependents elect to delay initiation of deductions from

SENATE BILL 562

1 those credits, an employee or the employee's surviving insured dependents may only
2 later elect to initiate deductions from those credits during the annual enrollment
3 period under par. (be). A health insurance plan or policy is considered comparable
4 if it provides hospital and medical benefits that are substantially equivalent to ~~the~~
5 ~~standard health insurance plan established under s. 40.52 (1)~~ benefits provided
6 under the Healthy Wisconsin Plan under ch. 260.

7 **SECTION 38.** 40.05 (4) (be) of the statutes is amended to read:

8 40.05 (4) (be) The department shall establish an annual enrollment period
9 during which an employee or, if the employee is deceased, an employee's surviving
10 insured dependents may elect to initiate or delay continuation of deductions from the
11 employee's sick leave credits under par. (b). An employee or surviving insured
12 dependent may elect to continue or delay continuation of such deductions any
13 number of times. If an employee or surviving insured dependent has initiated the
14 deductions but later elects to delay continuation of the deductions, the employee or
15 surviving insured dependent must be covered by a comparable health insurance plan
16 or policy during the period beginning on the date on which the employee or surviving
17 insured dependent delays continuation of the deductions and ending on the date on
18 which the employee or surviving insured dependent later elects to continue the
19 deductions. A health insurance plan or policy is considered comparable if it provides
20 hospital and medical benefits that are substantially equivalent to ~~the standard~~
21 ~~health insurance plan established under s. 40.52 (1)~~ benefits provided under the
22 Healthy Wisconsin Plan under ch. 260.

23 **SECTION 39.** 40.05 (4g) (d) of the statutes is created to read:

SENATE BILL 562

1 40.05 (4g) (d) This subsection shall not apply to an eligible employee who is
2 receiving health care coverage under the Healthy Wisconsin Plan under ch. 260
3 while on active duty in the U.S. armed forces.

4 **SECTION 40.** 40.51 (1) of the statutes is amended to read:

5 40.51 (1) The procedures and provisions pertaining to enrollment, premium
6 transmitted and coverage of eligible employees for health care benefits shall be
7 established by contract or rule except as otherwise specifically provided by this
8 chapter. Notwithstanding subs. (6) and (7), an eligible employee who is covered
9 under the Healthy Wisconsin Plan under ch. 260 may not receive coverage under this
10 subchapter for any coverage provided the employee under ch. 260.

11 **SECTION 41.** 40.51 (2) of the statutes is amended to read:

12 40.51 (2) Except as provided in subs. (10), (10m), (11) and (16), any eligible
13 employee may become covered by group health insurance benefits under this
14 subchapter by electing coverage within 30 days of being hired, to be effective as of
15 the first day of the month which begins on or after the date the application is received
16 by the employer, or by electing coverage prior to becoming eligible for any employer
17 contribution towards the premium cost as provided in s. 40.05 (4) (a) to be effective
18 upon becoming eligible for employer contributions. ~~An eligible employee who is not~~
19 ~~insured, but who is eligible for an employer contribution under s. 40.05 (4) (ag) 1.,~~
20 ~~may elect coverage prior to becoming eligible for an employer contribution under s.~~
21 ~~40.05 (4) (ag) 2., with the coverage to be effective upon becoming eligible for the~~
22 ~~increase in the employer contribution.~~ Any employee who does not so elect at one of
23 these times, or who subsequently cancels the insurance, shall not thereafter become
24 insured unless the employee furnishes evidence of insurability satisfactory to the
25 insurer, at the employee's own expense or obtains coverage subject to contractual

SENATE BILL 562

1 waiting periods. The method to be used shall be specified in the health insurance
2 contract.

3 **SECTION 42.** 40.51 (6) of the statutes is renumbered 40.51 (6) (a) and amended
4 to read:

5 40.51 (6) (a) This state shall offer to all of its eligible employees described in
6 subs. (10), (10m), and (16) at least 2 insured or uninsured health care coverage plans
7 providing substantially equivalent hospital and medical benefits, including a health
8 maintenance organization or a preferred provider plan, if those health care plans are
9 ~~determined by the group insurance board to be available in the area of the place of~~
10 ~~employment and are~~ approved by the group insurance board. The group insurance
11 board shall place each of the plans into one of 3 tiers established in accordance with
12 standards adopted by the group insurance board. The tiers shall be separated
13 according to ~~the employee's share of~~ premium costs.

14 **SECTION 43.** 40.51 (6) (b) of the statutes is created to read:

15 40.51 (6) (b) The state may offer to its employees coverage for health care
16 benefits not provided to the employees under the Healthy Wisconsin Plan under ch.
17 260.

18 **SECTION 44.** 40.51 (7) of the statutes is amended to read:

19 40.51 (7) Any employer, other than the state, may offer to all of its employees
20 ~~a health care coverage plan~~ coverage for health care benefits not provided to the
21 employees under the Healthy Wisconsin Plan under ch. 260 through a program
22 offered by the group insurance board. Notwithstanding sub. (2) and ss. 40.05 (4) and
23 40.52 (1), the department may by rule establish different eligibility standards or
24 contribution requirements for such employees and employers and may by rule limit

SENATE BILL 562

1 the categories of employers, other than the state, which may be included as
2 participating employers under this subchapter.

3 **SECTION 45.** 40.51 (8) of the statutes, as affected by 2007 Wisconsin Act 36, is
4 amended to read:

5 40.51 **(8)** Every health care coverage plan offered by the state under sub. (6)
6 (a) shall comply with ss. 631.89, 631.90, 631.93 (2), 631.95, 632.72 (2), 632.746 (1) to
7 (8) and (10), 632.747, 632.748, 632.83, 632.835, 632.85, 632.853, 632.855, 632.87 (3)
8 to ~~(5)~~ (6), 632.895 (5m) and (8) to (15), and 632.896.

9 **SECTION 46.** 40.51 (8m) of the statutes, as affected by 2007 Wisconsin Act 36,
10 is amended to read:

11 40.51 **(8m)** Every health care coverage plan offered by the group insurance
12 board under ~~sub.~~ subs. (6) (b) and (7) shall comply with ss. 631.89, 631.90, 631.93 (2),
13 631.95, 632.72 (2), 632.746 (1) to (8) and (10), 632.747, 632.748, 632.83, 632.835,
14 632.85, 632.853, 632.855, and 632.895 (11) to (15) 632.87 (3) to (6).

15 **SECTION 47.** 40.52 (1) (intro.) of the statutes is amended to read:

16 40.52 **(1)** (intro.) The group insurance board shall establish by contract a
17 standard health insurance plan in which all insured employees shall participate
18 except as otherwise provided in this chapter. ~~The~~ Except as provided in sub. (1m),
19 the standard plan shall provide:

20 **SECTION 48.** 40.52 (1m) of the statutes is created to read:

21 40.52 **(1m)** The standard health insurance plan described under sub. (1) shall
22 not provide employees any health care coverage that the employees receive under the
23 Healthy Wisconsin Plan under ch. 260.

24 **SECTION 49.** 40.52 (2) of the statutes is amended to read:

SENATE BILL 562

1 40.52 (2) Health insurance benefits under this subchapter shall be integrated,
2 with exceptions determined appropriate by the group insurance board, with benefits
3 under federal plans for hospital and health care for the aged and disabled and with
4 benefits provided under the Healthy Wisconsin Plan under ch. 260. Exclusions and
5 limitations with respect to benefits and different rates may be established for
6 persons eligible under federal plans for hospital and health care for the aged and
7 disabled in recognition of the utilization by persons within the age limits eligible
8 under the federal program and for employees who receive benefits under the Healthy
9 Wisconsin Plan under ch. 260. The plan may include special provisions for spouses
10 and other dependents covered under a plan established under this subchapter where
11 one spouse is eligible under federal plans for hospital and health care for the aged
12 or under the Healthy Wisconsin Plan under ch. 260 but the others are not eligible
13 because of age or other reasons. As part of the integration, the department may, out
14 of premiums collected under s. 40.05 (4), pay premiums for the federal health
15 insurance.

16 **SECTION 50.** 40.98 (2) (a) 1. of the statutes is amended to read:

17 40.98 (2) (a) 1. The department shall design an actuarially sound health care
18 coverage program for employers that includes more than one group health care
19 coverage plan and that provides coverage beginning not later than January 1, 2001.
20 The health care coverage program shall be known as the “Private Employer Health
21 Care Purchasing Alliance”. In designing the health care coverage program, the
22 department shall consult with the office of the commissioner of insurance and may
23 consult with the departments of commerce and health and family services. The
24 health care coverage program may not be implemented until it is approved by the
25 board. The health care coverage program shall not provide employees any health

SENATE BILL 562

1 care coverage that the employees receive under the Healthy Wisconsin Plan under
2 ch. 260.

3 **SECTION 51.** 49.45 (54) of the statutes is created to read:

4 49.45 **(54)** ELIGIBILITY FOR HEALTHY WISCONSIN. (a) In this subsection,
5 “program” means any Medical Assistance program administered under this
6 subchapter.

7 (b) Notwithstanding any other statute to the contrary, if a program, or the
8 provision of health care benefits for any eligibility category of persons under a
9 program, is not eligible for, or supported by, federal matching funds, persons who are
10 eligible for health care benefits under the program, or under the eligibility category
11 under the program, are not eligible for those health care benefits but are instead
12 eligible for coverage under the Healthy Wisconsin Plan under ch. 260.

13 **SECTION 52.** 49.473 (2) (c) of the statutes is amended to read:

14 49.473 **(2)** (c) The woman is not covered under the Healthy Wisconsin Plan
15 under ch. 260 and is not eligible for any other health care coverage that qualifies as
16 creditable coverage in 42 USC 300gg (c), excluding the coverage specified in 42 USC
17 300gg (c) (1) (F).

18 **SECTION 53.** 49.68 (3) (d) 1. of the statutes is amended to read:

19 49.68 **(3)** (d) 1. No aid may be granted under this subsection ~~unless~~ if the
20 recipient has ~~no other form of~~ aid available from the federal medicare Medicare
21 program, from private health, accident, sickness, medical, ~~and or~~ or hospital insurance
22 coverage, or from other health care coverage specified by rule under s. 49.687 (1m),
23 excluding the Healthy Wisconsin Plan under ch. 260. If insufficient aid is available
24 from other sources and if the recipient has paid an amount equal to the annual
25 medicare Medicare deductible amount specified in subd. 2., the state shall pay the

SENATE BILL 562

1 difference in cost to a qualified recipient. If at any time sufficient federal or private
2 insurance aid or other health care coverage becomes available during the treatment
3 period, state aid under this subsection shall be terminated or appropriately reduced.
4 Any patient who is eligible for the federal ~~medicare~~ Medicare program shall register
5 and pay the premium for ~~medicare~~ Medicare medical insurance coverage where
6 permitted, and shall pay an amount equal to the annual ~~medicare~~ Medicare
7 deductible amounts required under 42 USC 1395e and 1395L (b), prior to becoming
8 eligible for state aid under this subsection.

9 **SECTION 54.** 49.683 (3) of the statutes is amended to read:

10 49.683 (3) No payment shall be made under this section for any portion of
11 medical care costs that are payable under any state, federal, or other health care
12 coverage program, including a health care coverage program specified by rule under
13 s. 49.687 (1m), or under any grant, contract, or other contractual arrangement, but
14 excluding the Healthy Wisconsin Plan under ch. 260.

15 **SECTION 55.** 49.685 (6) (b) of the statutes is amended to read:

16 49.685 (6) (b) Reimbursement shall not be made under this section for any
17 blood products or supplies that are not purchased from or provided by a
18 comprehensive hemophilia treatment center, or a source approved by the treatment
19 center. Reimbursement shall not be made under this section for any portion of the
20 costs of blood products or supplies that are payable under any other state, federal,
21 or other health care coverage program under which the person is covered, including
22 a health care coverage program specified by rule under s. 49.687 (1m), or under any
23 grant, contract, or other contractual arrangement, but excluding the Healthy
24 Wisconsin Plan under ch. 260.

25 **SECTION 56.** 49.687 (1m) (d) of the statutes is created to read:

SENATE BILL 562

1 49.687 (1m) (d) Notwithstanding the health care programs for which a person
2 must apply that are specified by the department by rule under pars. (a) and (b), a
3 person is not ineligible to receive benefits under s. 49.68, 49.683, or 49.685 by reason
4 of being eligible for or covered under the Healthy Wisconsin Plan under ch. 260.

5 **SECTION 57.** 59.52 (11) (c) of the statutes is amended to read:

6 59.52 (11) (c) *Employee insurance.* Provide for individual or group hospital,
7 ~~surgical~~ and life insurance for county officers and employees and for payment of
8 premiums for county officers and employees. A county may elect to provide health
9 care benefits not provided under the Healthy Wisconsin Plan under ch. 260 to its
10 officers and employees and a county with at least 100 employees may elect to provide
11 health care benefits not provided under the Healthy Wisconsin Plan under ch. 260
12 on a self-insured basis to its officers and employees. A county and one or more cities,
13 villages, towns, or other counties that together have at least 100 employees may
14 jointly provide health care benefits not provided under the Healthy Wisconsin Plan
15 under ch. 260 to their officers and employees on a self-insured basis. Counties that
16 elect to provide health care benefits not provided under the Healthy Wisconsin Plan
17 under ch. 260 on a self-insured basis to their officers and employees shall be subject
18 to the requirements set forth under s. 120.13 (2) (c) to (e) and (g).

19 **SECTION 58.** 60.23 (25) of the statutes is amended to read:

20 60.23 (25) SELF-INSURED HEALTH PLANS. Provide health care benefits not
21 provided under the Healthy Wisconsin Plan under ch. 260 to its officers and
22 employees on a self-insured basis, subject to s. 66.0137 (4).

23 **SECTION 59.** 62.61 of the statutes is renumbered 62.61 (1) (intro.) and amended
24 to read:

SENATE BILL 562

1 62.61 (1) (intro.) The common council of a 1st class city may, by ordinance or
2 resolution, provide do any of the following:

3 (a) Provide for, including the payment of premiums of, general hospital,
4 surgical and group insurance for ~~both active and~~ retired city officers and city
5 employees and their respective dependents in private companies, ~~or may, by~~
6 ~~ordinance or resolution, elect.~~

7 (c) Elect to offer to all of its employees a health care coverage plan through a
8 program offered by the group insurance board under ch. 40. Municipalities ~~which~~
9 that elect to participate under s. 40.51 (7) are subject to the applicable sections of ch.
10 40 instead of this section.

11 (2) Contracts for insurance under this section may be entered into for active
12 officers and employees separately from contracts for retired officers and employees.
13 Appropriations may be made for the purpose of financing insurance under this
14 section. Moneys accruing to a fund to finance insurance under this section, by
15 investment or otherwise, may not be diverted for any other purpose than those for
16 which the fund was set up or to defray management expenses of the fund or to
17 partially pay premiums to reduce costs to the city or to persons covered by the
18 insurance, or both.

19 **SECTION 60.** 62.61 (1) (b) of the statutes is created to read:

20 62.61 (1) (b) Subject to s. 260.37, provide for, including the payment of
21 premiums of, group health insurance for active city officers and city employees and
22 their respective dependents.

23 **SECTION 61.** 66.0137 (4) of the statutes, as affected by 2007 Wisconsin Act 36,
24 is amended to read:

SENATE BILL 562

1 66.0137 (4) SELF-INSURED HEALTH PLANS. If a city, including a 1st class city, or
2 a village provides health care benefits not provided under the Healthy Wisconsin
3 Plan under ch. 260 under its home rule power, or if a town provides health care
4 benefits not provided under the Healthy Wisconsin Plan under ch. 260, to its officers
5 and employees on a self-insured basis, the self-insured plan shall comply with ss.
6 49.493 (3) (d), 631.89, 631.90, 631.93 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3),
7 632.85, 632.853, 632.855, 632.87 (4) and (5), 632.895 (9) to (15), 632.896, and ~~767.25~~
8 ~~(4m) (d)~~ 767.513 (4).

9 **SECTION 62.** 66.0137 (4m) (b) of the statutes is amended to read:

10 66.0137 (4m) (b) A political subdivision and one or more other political
11 subdivisions, that together have at least 100 employees, may jointly provide health
12 care benefits not provided under the Healthy Wisconsin Plan under ch. 260 to their
13 officers and employees on a ~~self insured~~ self-insured basis.

14 **SECTION 63.** 66.0137 (5) of the statutes is amended to read:

15 66.0137 (5) HOSPITAL, ACCIDENT, AND LIFE INSURANCE. ~~The~~ Subject to s. 260.37,
16 the state or a local governmental unit may provide for the payment of premiums for
17 ~~hospital, surgical and other~~ health and accident insurance and life insurance for
18 employees and officers and their spouses and dependent children. A local
19 governmental unit may also provide for the payment of premiums for hospital and
20 surgical care for its retired employees. In addition, a local governmental unit may,
21 by ordinance or resolution, elect to offer to all of its employees a health care coverage
22 plan through a program offered by the group insurance board under ch. 40. A local
23 governmental unit that elects to participate under s. 40.51 (7) is subject to the
24 applicable sections of ch. 40 instead of this subsection.

25 **SECTION 64.** 70.11 (41p) of the statutes is created to read:

SENATE BILL 562

1 70.11 **(41p)** HEALTHY WISCONSIN AUTHORITY. All property owned by the Healthy
2 Wisconsin Authority, provided that use of the property is primarily related to the
3 purposes of the authority.

4 **SECTION 65.** 71.26 (1) (be) of the statutes is amended to read:

5 71.26 **(1)** (be) *Certain authorities.* Income of the University of Wisconsin
6 Hospitals and Clinics Authority, of the Health Insurance Risk-Sharing Plan
7 Authority, ~~and of the Healthy Wisconsin Authority,~~ of the Fox River Navigational
8 System Authority, and of the Wisconsin Aerospace Authority.

9 **SECTION 66.** 77.54 (9a) (a) of the statutes is amended to read:

10 77.54 **(9a)** (a) This state or any agency thereof, the University of Wisconsin
11 Hospitals and Clinics Authority, the Wisconsin Aerospace Authority, the Health
12 Insurance Risk-Sharing Plan Authority, the Healthy Wisconsin Authority, and the
13 Fox River Navigational System Authority.

14 **SECTION 67.** 100.45 (1) (dm) of the statutes is amended to read:

15 100.45 **(1)** (dm) “State agency” means any office, department, agency,
16 institution of higher education, association, society or other body in state
17 government created or authorized to be created by the constitution or any law which
18 is entitled to expend moneys appropriated by law, including the legislature and the
19 courts, the Wisconsin Housing and Economic Development Authority, the Bradley
20 Center Sports and Entertainment Corporation, the University of Wisconsin
21 Hospitals and Clinics Authority, the Wisconsin Health and Educational Facilities
22 Authority, the Wisconsin Aerospace Authority, ~~and the Fox River Navigational~~
23 System Authority, and the Healthy Wisconsin Authority.

24 **SECTION 68.** 109.075 (9) of the statutes is created to read:

SENATE BILL 562

1 109.075 (9) This section does not apply to an employer that ceases providing
2 health care benefits to its employees because the employees are covered under the
3 Healthy Wisconsin Plan under ch. 260.

4 **SECTION 69.** 111.70 (1) (dm) of the statutes is amended to read:

5 111.70 (1) (dm) “Economic issue” means salaries, overtime pay, sick leave,
6 payments in lieu of sick leave usage, vacations, clothing allowances in excess of the
7 actual cost of clothing, length-of-service credit, continuing education credit, shift
8 premium pay, longevity pay, extra duty pay, performance bonuses, health insurance
9 coverage of benefits not provided under the Healthy Wisconsin Plan under ch. 260,
10 life insurance, dental insurance, disability insurance, vision insurance, long-term
11 care insurance, worker’s compensation and unemployment insurance, social
12 security benefits, vacation pay, holiday pay, lead worker pay, temporary assignment
13 pay, retirement contributions, supplemental retirement benefits, severance or other
14 separation pay, hazardous duty pay, certification or license payment, limitations on
15 layoffs that create a new or increased financial liability on the employer and
16 contracting or subcontracting of work that would otherwise be performed by
17 municipal employees in the collective bargaining unit with which there is a labor
18 dispute.

19 **SECTION 70.** 111.70 (4) (cm) 8s. of the statutes is amended to read:

20 111.70 (4) (cm) 8s. ‘Forms for determining costs.’ The commission shall
21 prescribe forms for calculating the total increased cost to the municipal employer of
22 compensation and fringe benefits provided to school district professional employees.
23 The cost shall be determined based upon the total cost of compensation and fringe
24 benefits provided to school district professional employees who are represented by
25 a labor organization on the 90th day before expiration of any previous collective

SENATE BILL 562

1 bargaining agreement between the parties, or who were so represented if the
2 effective date is retroactive, or the 90th day prior to commencement of negotiations
3 if there is no previous collective bargaining agreement between the parties, without
4 regard to any change in the number, rank or qualifications of the school district
5 professional employees. For purposes of such determinations, any cost increase that
6 is incurred on any day other than the beginning of the 12-month period commencing
7 with the effective date of the agreement or any succeeding 12-month period
8 commencing on the anniversary of that effective date shall be calculated as if the cost
9 increase were incurred as of the beginning of the 12-month period beginning on the
10 effective date or anniversary of the effective date in which the cost increase is
11 incurred. For the purpose of determining if a municipal employer has maintained
12 current fringe benefits under sub. (1) (nc) 1. a., the commission shall consider the
13 municipal employer to have maintained its health care coverage benefit if the
14 municipal employer provides health care coverage to its school district professional
15 employees through the Healthy Wisconsin Plan under ch. 260 and supplements that
16 coverage, if necessary, to produce a health care coverage benefit that is actuarially
17 equivalent to the health care coverage benefit in place before the school district
18 professional employees become covered under the Healthy Wisconsin Plan under ch.
19 260. If a dispute arises concerning the municipal employer's determination of
20 actuarial equivalence or what supplemental benefits are sufficient to achieve
21 actuarial equivalence, the dispute shall be resolved by a neutral person who is
22 designated by the commission. In each collective bargaining unit to which subd. 5s.
23 applies, the municipal employer shall transmit to the commission and the labor
24 organization a completed form for calculating the total increased cost to the
25 municipal employer of compensation and fringe benefits provided to the school

SENATE BILL 562

1 district professional employees covered by the agreement as soon as possible after
2 the effective date of the agreement.

3 **SECTION 71.** 111.91 (2) (pt) of the statutes is created to read:

4 111.91 (2) (pt) Health care coverage of employees under the Healthy Wisconsin
5 Plan under ch. 260.

6 **SECTION 72.** 120.13 (2) (b) of the statutes is amended to read:

7 120.13 (2) (b) Provide health care benefits not provided under the Healthy
8 Wisconsin Plan under ch. 260 on a self-insured basis to the employees of the school
9 district if the school district has at least 100 employees. In addition, any 2 or more
10 school districts which together have at least 100 employees may jointly provide
11 health care benefits not provided under the Healthy Wisconsin Plan under ch. 260
12 on a self-insured basis to employees of the school districts.

13 **SECTION 73.** 120.13 (2) (g) of the statutes, as affected by 2007 Wisconsin Act 36,
14 is amended to read:

15 120.13 (2) (g) Every self-insured plan under par. (b) shall comply with ss.
16 49.493 (3) (d), 631.89, 631.90, 631.93 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3),
17 632.85, 632.853, 632.855, 632.87 (4) and (5), 632.895 (9) to (15), 632.896, and ~~767.25~~
18 ~~(4m)-(d)~~ 767.513 (4).

19 **SECTION 74.** 149.12 (2) (em) of the statutes is created to read:

20 149.12 (2) (em) No person who is eligible for coverage under the Healthy
21 Wisconsin Plan under ch. 260 is eligible for coverage under the plan under this
22 chapter.

23 **SECTION 75.** 230.03 (3) of the statutes, as affected by 2007 Wisconsin Act 20,
24 is amended to read:

SENATE BILL 562

1 230.03 (3) “Agency” means any board, commission, committee, council, or
2 department in state government or a unit thereof created by the constitution or
3 statutes if such board, commission, committee, council, department, unit, or the
4 head thereof, is authorized to appoint subordinate staff by the constitution or
5 statute, except a legislative or judicial board, commission, committee, council,
6 department, or unit thereof or an authority created under subch. II of ch. 114 or
7 subch. III of ch. 149 or under ch. 231, 232, 233, 234, 235, 237, 260, or 279. “Agency”
8 does not mean any local unit of government or body within one or more local units
9 of government that is created by law or by action of one or more local units of
10 government.

11 **SECTION 76.** Chapter 260 of the statutes is created to read:

CHAPTER 260**HEALTHY WISCONSIN PLAN**

12 **260.01 Definitions.** In this chapter, except as otherwise provided:

13 **(1)** “Authority” means the Healthy Wisconsin Authority.

14 **(2)** “Board” means the board of trustees of the authority.

15 **(3)** “Health care network” means a provider-driven, coordinated group of
16 health care providers comprised of primary care physicians, medical specialists,
17 physician assistants, nurses, clinics, one or more hospitals, and other health care
18 providers and facilities, including providers and facilities that specialize in mental
19 health services and alcohol or other drug abuse treatment.

20 **(4)** “Medical inflation” means changes in the consumer price index for all
21 consumers, U.S. city average, for the medical care group, including medical care
22 commodities and medical care services, as determined by the U.S. department of
23 labor.
24
25

SENATE BILL 562

1 **(5)** “Plan” means the Healthy Wisconsin Plan.

2 **(6)** “Primary care provider” means a health care provider who is identified as
3 the key professional responsible for coordinating all medical care for a given
4 participant, including referral to a specialist. “Primary care provider” includes
5 general practice physicians, family practitioners, internists, pediatricians,
6 obstetricians and gynecologists, advanced practice nurses, certified nurse midwives,
7 and physician assistants. “Primary care provider” may also include a specialist who
8 is treating a person with a chronic medical condition or special health care needs for
9 which regular treatment by a specialist is medically necessary or a specialist who is
10 treating a disabled person.

11 **260.05 Creation and organization of authority. (1)** CREATION AND
12 MEMBERSHIP OF BOARD. There is created a public body corporate and politic to be
13 known as the “Healthy Wisconsin Authority.” The nonvoting members of the board
14 shall consist of the secretary of employee trust funds and 4 representatives from the
15 advisory committee under s. 260.49 who are health care personnel and
16 administrators, selected by the advisory committee. The secretary of employee trust
17 funds shall serve as the initial chairperson of the board until such time as the board
18 elects a chairperson from its voting membership. The board shall also consist of the
19 following voting members, nominated by the governor and with the advice and
20 consent of the senate appointed, for staggered 6–year terms:

21 (a) Four members selected from a list of names submitted by statewide labor
22 or union coalitions. One of these members shall be a public employee.

23 (b) Four members selected from a list of names submitted by statewide
24 business and employer organizations. One of these members shall be a public
25 employer.

SENATE BILL 562

1 (c) One member selected from a list of names submitted by statewide public
2 school teacher labor organizations.

3 (d) One member selected from a list of names submitted by statewide small
4 business organizations.

5 (e) Two members who are farmers, selected from a list of names submitted by
6 statewide general farm organizations.

7 (f) One member who is a self-employed person.

8 (g) Three members selected from a list of names submitted by statewide health
9 care consumer organizations.

10 **(2) TERMS OF OFFICE; VACANCIES; QUORUM; BUSINESS.** (a) The terms of all members
11 of the board shall expire on July 1.

12 (b) Each member of the board shall hold office until a successor is appointed
13 and qualified unless the member vacates or is removed from his or her office. A
14 member who serves as a result of holding another office or position vacates his or her
15 office as a member when he or she vacates the other office or position. A member who
16 ceases to qualify for office vacates his or her office. A vacancy on the board shall be
17 filled in the same manner as the original appointment to the board for the remainder
18 of the unexpired term, if any.

19 (c) A majority of the members of the board constitutes a quorum for the purpose
20 of conducting its business and exercising its powers and for all other purposes,
21 notwithstanding the existence of any vacancies. Action may be taken by the board
22 upon a vote of a majority of the members present. Meetings of the members of the
23 board may be held anywhere within or without the state.

24 **(3) BOARD MEMBER RESPONSIBILITY AS TRUSTEE.** Each member of the board shall
25 be responsible for taking care that the highest level of independence and judgment

SENATE BILL 562

1 is exercised at all times in administering the plan and overseeing the individuals and
2 organizations selected to implement the plan.

3 **(4) DUTIES.** The board shall:

4 (a) Establish and administer a health care system in this state that ensures
5 that all eligible persons have access to high quality, timely, and affordable health
6 care. In establishing and administering the health care system, except as otherwise
7 provided by law, the board shall seek to attain all of the following goals:

8 1. Every resident of this state shall have access to affordable, comprehensive
9 health care services.

10 2. Health care reform shall maintain and improve choice of health care
11 providers and high quality health care services in this state.

12 3. Health care reform shall implement cost containment strategies that retain
13 and assure affordable coverage for all residents of this state.

14 (b) Establish, fund, and manage the plan as provided in this chapter.

15 (c) Appoint an executive director, who shall serve at the pleasure of the board.

16 The board may delegate to one or more of its members or its executive director any
17 powers and duties the board considers proper. The executive director shall receive
18 such compensation as may be determined by the board.

19 (d) Provide for mechanisms to enroll every eligible resident in this state under
20 the plan. Contracts entered into by the board with providers shall include provisions
21 to enroll all eligible persons at the point of service, and outreach programs to assure
22 every eligible person becomes enrolled in the plan.

23 (e) Create a program for consumer protection and a process to resolve disputes
24 with providers.

SENATE BILL 562

1 (f) Establish an independent and binding appeals process for resolving
2 disputes over eligibility and other determinations made by the board. Any person
3 who is adversely affected by a board eligibility determination or any other
4 determination is entitled to judicial review of the determination.

5 (g) Submit an annual report on its activities to the governor and chief clerk of
6 each house of the legislature, for distribution under s. 13.172 (2).

7 (h) Contract for annual, independent, program evaluations and financial
8 audits that measure the extent to which the plan is achieving the goals under par.

9 (a) 1. to 3. The board may not enter into a contract with the same auditor for more
10 than 6 years.

11 (i) Accept bids from health care networks in accordance with the criteria set out
12 in s. 260.30, or make payments to fee-for-service providers in accordance with s.
13 260.30. The board shall consult with the department of employee trust funds in
14 determining the most effective and efficient way of purchasing health care benefits.

15 (j) Audit health care networks and providers to determine if their services meet
16 the plan objectives and criteria under this chapter.

17 **(5) POWERS.** The board shall have all the powers necessary or convenient to
18 carry out the purposes and provisions of this chapter. In addition to all other powers
19 granted the board under this chapter, the board may:

20 (a) Adopt, amend, and repeal bylaws and policies and procedures for the
21 regulation of its affairs and the conduct of its business.

22 (b) Have a seal and alter the seal at pleasure.

23 (c) Maintain an office.

24 (d) Sue and be sued.

SENATE BILL 562

1 (e) Accept gifts, grants, loans, or other contributions from private or public
2 sources.

3 (f) Establish the authority's annual budget and monitor the fiscal management
4 of the authority.

5 (g) Execute contracts and other instruments, including contracts for any
6 professional services required for the authority.

7 (h) Employ any officers, agents, and employees that it may require and
8 determine their qualifications and compensation.

9 (i) Procure liability insurance.

10 (j) Contract for studies on issues, as identified by the board or by the advisory
11 committee under s. 260.49, that relate to the plan.

12 (k) Borrow money, as necessary on a short-term basis, to address cash flow
13 issues.

14 (L) Compel witnesses to attend meetings and to testify upon any necessary
15 matter concerning the plan.

16 **260.10 Eligibility. (1) COVERED PERSONS.** Except as provided in subs. (2) to
17 (5) and subject to sub. (6), a person is eligible to participate in the plan if the person
18 satisfies all of the following criteria:

19 (a) The person has maintained his or her place of permanent abode, as defined
20 by the board, in this state for at least 12 months.

21 (b) The person maintains a substantial presence in this state, as defined by the
22 board.

23 (c) The person is under 65 years of age.

24 (d) The person is not eligible for health care coverage from the federal
25 government or a foreign government, is not an inmate of a penal facility, as defined

SENATE BILL 562

1 in s. 19.32 (1e), and is not placed or confined in, or committed to, an institution for
2 the mentally ill or developmentally disabled.

3 (e) Subject to s. 49.45 (54), unless a waiver requested under sub. (6) (b) has been
4 granted and is in effect, the person is not eligible for Medical Assistance under subch.
5 IV of ch. 49, including for health care coverage under BadgerCare Plus.

6 **(2) GAINFULLY EMPLOYED.** If a person and the members of the person's
7 immediate family do not meet the criteria under sub. (1) (a) and (b), but do meet the
8 criteria under sub. (1) (c) to (e) and the person is gainfully employed in this state, as
9 defined by the board, the person and the members of the person's immediate family
10 are eligible to participate in the plan.

11 **(3) DEPENDENT CHILDREN.** If a child under age 18 resides with his or her parent
12 in this state but the parent does not yet meet the residency requirement under sub.
13 (1) (a), the child is eligible to participate in the plan regardless of the length of time
14 the child has resided in this state, if the child meets the criteria under sub. (1) (b) to
15 (e).

16 **(4) PREGNANT WOMEN.** A pregnant woman who resides in this state who does
17 not yet meet the residency requirement under sub. (1) (a) is eligible to participate in
18 the plan regardless of the length of time the pregnant woman has resided in this
19 state, if she meets the criteria under sub. (1) (b) to (e).

20 **(5) COLLECTIVE BARGAINING AGREEMENT.** A person who is eligible to participate
21 in the plan under sub. (1), (2), (3), or (4) and who receives health care coverage under
22 a collective bargaining agreement that is in effect on January 1, 2010, is not eligible
23 to participate in the plan until the day on which the collective bargaining agreement
24 expires or the day on which the collective bargaining agreement is extended,
25 modified, or renewed.

SENATE BILL 562

1 **(6) WAIVER REQUEST.** (a) In this subsection, “department” means the
2 department of health and family services.

3 (b) 1. The department shall develop a request for a waiver from the secretary
4 of the federal department of health and human services to provide coverage under
5 the plan to individuals who are eligible for Medical Assistance under subch. IV of ch.
6 49 in the low-income families category, as determined by the department, including
7 individuals who are eligible for health care coverage under BadgerCare Plus. The
8 waiver request shall be written so as to allow the use of federal financial
9 participation to fund, to the maximum extent possible, health care coverage under
10 the plan for the individuals specified in this subdivision.

11 2. The department shall, not later than July 1, 2009, submit the waiver request
12 developed under subd. 1. to a special legislative committee that shall be comprised
13 of the members of the joint committee on finance and the members of the standing
14 committees of the senate and the assembly with subject matter jurisdiction over
15 health issues. The special legislative committee shall have 60 days to review and
16 comment to the department on the waiver request.

17 (c) Except as required under par. (b), the department may develop waiver
18 requests to the appropriate federal agencies to permit funds from federal health care
19 services programs to be used for health care coverage for persons under the plan.

20 **(7) DEFINITIONS OF TERMS.** For purposes of this chapter, the board shall define
21 all of the following terms:

22 (a) Place of permanent abode.

23 (b) Substantial presence this state. In defining “substantial presence in this
24 state,” the board shall consider such factors as the amount of time per year that an
25 individual is actually present in the state and the amount of taxes that an individual

SENATE BILL 562

1 pays in this state, except that, if the individual attends school outside of this state
2 and is under 23 years of age, the factors shall include the amount of time that the
3 individual's parent or guardian is actually present in the state and the amount of
4 taxes that the individual's parent or guardian pays in this state, and if the individual
5 is in active service with the U.S. armed forces outside of this state, the factors shall
6 include the amount of time that the individual's parent, guardian, or spouse is
7 actually present in the state and the amount of taxes that the individual's parent,
8 guardian, or spouse pays in this state.

9 (c) Immediate family.

10 (d) Gainfully employed. The definition shall include employment by persons
11 who are self-employed and persons who work on farms.

12 **260.12 Office of outreach, enrollment, and advocacy. (1) ESTABLISHMENT.**
13 The board shall establish an office of outreach, enrollment, and advocacy. The office
14 shall contract with nonprofit organizations to perform the outreach, enrollment, and
15 advocacy functions specified in this section, and to review the health care payment
16 and services records of persons who are participating, or who are eligible to
17 participate, in the plan and who have provided the office with informed consent for
18 the review. The office may not contract with any organization under this subsection
19 that provides services under the plan or that has any other conflict of interest, as
20 described in sub. (3).

21 **(2) DUTIES.** The office of outreach, enrollment, and advocacy shall do all of the
22 following:

23 (a) Engage in aggressive outreach to enroll eligible persons and participants
24 in their choice of health care coverage under the plan.

SENATE BILL 562

1 (b) Assist eligible persons in choosing health care coverage by examining cost,
2 quality, and geographic coverage information regarding their choice of available
3 networks or providers.

4 (c) Inform plan participants of the role they can play in holding down health
5 care costs by taking advantage of preventive care, enrolling in chronic disease
6 management programs if appropriate, responsibly utilizing medical services, and
7 engaging in healthy lifestyles. The office shall inform participants of networks or
8 workplaces where healthy lifestyle incentives are in place.

9 (d) At the direction of the board, establish a process for resolving disputes with
10 providers.

11 (e) Act as an advocate for plan participants having questions, difficulties, or
12 complaints about their health care services or coverage, including investigating and
13 attempting to resolve the complaint. Investigation should include, when
14 appropriate, consulting with the health care advisory committee under s. 260.49
15 regarding best practice guidelines.

16 (f) If a participant's complaint cannot be successfully resolved, inform the
17 participant of any legal or other means of recourse for his or her complaint. If the
18 complaint involves a dispute over eligibility or other determinations made by the
19 board, the participant shall be directed to the appeals process for board decisions.

20 (g) Provide information to the public, agencies, legislators, and others
21 regarding problems and concerns of plan participants and, in consultation with the
22 health care advisory committee under s. 260.49, make recommendations for
23 resolving those problems and concerns.

24 (h) Ensure that plan participants have timely access to the services provided
25 by the office.

SENATE BILL 562

1 **(3) CONFLICT OF INTEREST LIMITATION.** The office and its employees and
2 contractors shall not have any conflict of interest relating to the performance of their
3 duties. There is a conflict of interest if, with respect to the office’s director, employees,
4 or contractors, or a person affiliated with the office’s director, employees, or
5 contractors, any of the following exists:

6 (a) Direct involvement in the licensing, certification, or accreditation of a
7 health care facility, health insurer, or health care provider.

8 (b) Direct ownership interest or investment interest in a health care facility,
9 health insurer, or health care provider.

10 (c) Employment by, or participation in, the management of a health care
11 facility, health insurer, or health care provider.

12 (d) Receipt of, or having the right to receive, directly or indirectly, remuneration
13 under a compensation arrangement with a health care facility, health insurer, or
14 health care provider.

15 **260.15 Benefits. (1) GENERALLY.** The board shall establish a health care plan
16 that will take effect on January 1, 2010. The plan shall provide the same benefits
17 as those that were in effect as of January 1, 2008, under the state employee health
18 plan under s. 40.51 (6), 2005 stats. The board may adjust the plan benefits to provide
19 additional cost-effective treatment options if there is evidence-based research that
20 the options are likely to reduce health care costs, avoid health risks, or result in
21 better health outcomes.

22 **(2) ADDITIONAL BENEFITS.** In addition to the benefit requirements under sub.
23 (1), the plan shall provide coverage for mental health services and alcohol and other
24 drug abuse treatment to the same extent as the plan covers treatment for physical
25 conditions and coverage for preventive dental care for children up to 18 years of age.

SENATE BILL 562

1 **260.20 Cost sharing. (1) NO COST SHARING.** The plan shall cover the following
2 preventive services without any cost-sharing requirement:

3 (a) Prenatal care for pregnant women.

4 (b) Well-baby care.

5 (c) Medically appropriate examinations and immunizations for children up to
6 18 years of age.

7 (d) Medically appropriate gynecological exams, Papanicolaou tests, and
8 mammograms.

9 (e) Medically appropriate regular medical examinations for adults, as
10 determined by best practices.

11 (f) Medically appropriate colonoscopies.

12 (g) Preventive dental care for children up to 18 years of age.

13 (h) Other preventive services or procedures, as determined by the board, for
14 which there is scientific evidence that exemption from cost sharing is likely to reduce
15 health care costs or avoid health risks.

16 (i) Chronic care services, provided that the participant receiving the services
17 is participating in, and complying with, a chronic disease management program as
18 defined by the board.

19 **(2) DEDUCTIBLES. (a) Maximum amounts and who must pay.** 1. Subject to subd.
20 2., during any year, a participant who is 18 years of age or older on January 1 of that
21 year shall pay a deductible of \$300, which shall apply to all covered services and
22 articles.

23 2. During any year, a family consisting of 2 or more participants who are 18
24 years of age or older on January 1 of that year shall pay a deductible of \$600, which
25 shall apply to all covered services and articles.

SENATE BILL 562

1 3. During any year, a participant who is under 18 years of age on January 1 of
2 that year shall not be required to pay a deductible.

3 4. Except for copayments and coinsurance, the plan shall provide a participant
4 with full coverage for all covered services and articles after the participant has
5 received covered services and articles totaling the applicable deductible amount
6 under this paragraph, regardless of whether the participant has paid the deductible
7 amount.

8 (b) *Provider requirements.* 1. A provider that provides to a participant a
9 covered service or article to which a deductible applies shall charge for the service
10 or article the payment rate established by the board under s. 260.30 (7) (b) 1. if the
11 participant's coverage is under the fee-for-service option under s. 260.30 (2) (a) or
12 the applicable network rate for the service or article, as determined by the board, if
13 the participant's coverage is under the health care network option under s. 260.30
14 (2) (b). Except as provided in subd. 3., a provider of a covered service or article to
15 which a deductible applies shall accept as payment in full for the covered service or
16 article the payment rate specified in this subdivision and may not bill a participant
17 who receives the service or article for any amount by which the charge for the service
18 or article is reduced under this subdivision.

19 2. Except for prescription drugs, a provider may not refuse to provide to a
20 participant a covered service or article to which a deductible applies on the basis that
21 the participant does not pay, or has not paid, any applicable deductible amount
22 before the service or article is provided.

23 3. A provider may not charge any interest, penalty, or late fee on any deductible
24 amount owed by a participant unless the deductible amount owed is at least 6
25 months past due and the provider has provided the participant with notice of the

SENATE BILL 562

1 interest, penalty, or late fee at least 90 days before the interest, penalty, or late fee
2 payment is due. Interest may not exceed 1 percent per month, and any penalty or
3 late fee may not exceed the provider's reasonable cost of administering the unpaid
4 bill.

5 (c) *Adjustments by board.* Notwithstanding par. (a) 1. and 2., the board may
6 adjust the deductible amounts specified in par. (a) 1. and 2., but only to reduce those
7 amounts.

8 **(3) COPAYMENTS AND COINSURANCE.** (a) *General copayments.* During any year,
9 a participant who is 18 years of age or older on January 1 of that year shall pay a
10 copayment of \$20 for medical, hospital, and related health care services, as
11 determined by the board.

12 (b) *Specialist provider services without referral.* A participant, regardless of
13 age, who receives health care services from a specialist provider without a referral
14 from his or her primary care provider under the plan shall be required to pay 25
15 percent of the cost of the services provided.

16 (c) *Inappropriate emergency room use.* Notwithstanding par. (a), a participant
17 who is 18 years of age or older shall pay a copayment of \$60 for inappropriate
18 emergency room use, as determined by the board.

19 (d) *Prescription drugs.* 1. All participants, regardless of age, shall pay \$5 for
20 each prescription of a generic drug that is on the formulary determined by the board.

21 2. All participants, regardless of age, shall pay \$15 for each prescription of a
22 brand-name drug that is on the formulary determined by the board.

23 3. All participants, regardless of age, shall pay \$40 for each prescription of a
24 brand-name drug that is not on the formulary determined by the board.

SENATE BILL 562

1 4. Notwithstanding subs. 1. to 3., no participant shall pay more for a
2 prescription drug than the actual cost of the prescription drug plus the negotiated
3 dispensing fee.

4 (e) *Adjustments by board.* Notwithstanding pars. (a) to (d), the board may
5 adjust the copayment and coinsurance amounts specified in pars. (a) to (d).

6 **(4) MAXIMUM AMOUNTS.** Notwithstanding the deductible, coinsurance, and
7 copayment amounts in subs. (2) and (3), all of the following apply:

8 (a) Subject to par. (b), a participant who is 18 years of age or older on January
9 1 of a year may not be required to pay more than \$2,000 during that year in total cost
10 sharing under subs. (2) and (3).

11 (b) A family consisting of 2 or more participants may not be required to pay
12 more than \$3,000 during a year in total cost sharing under subs. (2) and (3).

13 **260.30 Service areas; selection and payment of health care providers**
14 **and health care networks. (1) ESTABLISHMENT OF AREAS WHERE SERVICES WILL BE**
15 **PROVIDED.** The board may establish areas in the state, which may be counties,
16 multicounty regions, or other areas, for the purpose of receiving bids from health care
17 networks. These areas shall be established so as to maximize the level and quality
18 of competition among health care networks or to increase the number of provider
19 choices available to eligible persons and participants in the areas.

20 **(2) OPTIONS AVAILABLE IN EACH AREA.** In each area designated by the board under
21 sub. (1), the board shall offer both of the following options for delivery of health care
22 services under the plan:

23 (a) An option, known as the “fee-for-service option,” under which participants
24 must choose a primary care provider, may be referred by the primary care provider
25 to any medical specialist, and may be admitted by the primary care provider or

SENATE BILL 562

1 specialist to any hospital or other facility, for the purpose of receiving the benefits
2 provided under this chapter. Under this option, the board, with the assistance of one
3 or more administrators chosen by a competitive bidding process and with whom the
4 board has contracted, shall pay directly, at the provider payment rates established
5 by the board under sub. (7) (b) 1., for all health care services and articles that are
6 covered under the plan.

7 (b) An option under which one or more health care networks that meet the
8 qualifying criteria in sub. (4) and are certified under sub. (5) provide health care
9 services to participants. The board is required to offer this option in each area
10 designated by the board to the extent that qualifying health care networks exist in
11 the area.

12 (3) SOLICITATION OF BIDS FROM HEALTH CARE NETWORKS. The board shall annually
13 solicit sealed risk-adjusted premium bids from competing health care networks for
14 the purpose of offering health care coverage to participants. The board shall request
15 each bidder to submit information pertaining to whether the bidder is a qualifying
16 health care network, as described in sub. (4).

17 (4) QUALIFYING HEALTH CARE NETWORKS. A health care network is qualifying if
18 it does all of the following:

19 (a) Demonstrates to the satisfaction of the board that the fixed monthly
20 risk-adjusted amount that it bids to provide participants with the health care
21 benefits specified in this chapter reasonably reflects its estimated actual costs for
22 providing participants with such benefits in light of its underlying efficiency as a
23 network, and has not been artificially underbid for the predatory purpose of gaining
24 market share.

SENATE BILL 562

1 (b) Will spend at least 92 percent of the revenue it receives under this chapter
2 on one of the following:

3 1. Payments to health care providers in order to provide the health care benefits
4 specified in this chapter to participants who choose the health care network.

5 2. Investments that the health care network has reasonably determined will
6 improve the overall quality or lower the overall cost of patient care.

7 (c) Ensures all of the following:

8 1. That participants living in an area that the health care network serves shall
9 not be required to drive more than 30 minutes, or, in a metropolitan area served by
10 mass transit, spend more than 60 minutes using mass transit facilities, in order to
11 reach the offices of at least 2 primary care providers, as defined by the board.

12 2. That physicians, physician assistants, nurses, clinics, hospitals, and other
13 health care providers and facilities, including providers and facilities that specialize
14 in mental health services and alcohol and other drug abuse treatment, are
15 conveniently available, as defined by the board, to participants living in every part
16 of the area that the health care network serves.

17 (d) Ensures that participants have access, 24 hours a day, 7 days a week, to a
18 toll-free hotline and help desk that is staffed by persons who live in the area and who
19 have been fully trained to communicate the benefits provided under this chapter and
20 the choices of providers that participants have in using the health care network.

21 (e) Ensures that each participant who chooses the health care network selects
22 a primary care provider who is responsible for overseeing all of the participant's care.

23 (f) Will provide each participant with medically appropriate and high-quality
24 health care, including mental health services and alcohol or other drug abuse
25 treatment, in a highly coordinated manner.

SENATE BILL 562

1 (g) Emphasizes, in its policies and operations, the promotion of healthy
2 lifestyles; preventive care, including early identification of and response to high-risk
3 individuals and groups, early identification of and response to health disorders,
4 disease management, including chronic care management, and best practices,
5 including the appropriate use of primary care, medical specialists, medications, and
6 hospital emergency rooms; and the utilization of continuous quality improvement
7 standards and practices that are generally accepted in the medical field.

8 (h) Has developed and is implementing a program, including providing
9 incentives to providers when appropriate, to promote health care quality, increase
10 the transparency of health care cost and quality information, ensure the
11 confidentiality of medical information, and advance the appropriate use of
12 technology.

13 (i) Has entered into shared service agreements with out-of-network medical
14 specialists, hospitals, and other facilities, including medical centers of excellence in
15 the state, through which participants can obtain, at no additional expense to
16 participants beyond the normally required level of cost sharing, the services of
17 out-of-network providers that the network's primary care physicians selected by
18 participants have determined is necessary to ensure medically appropriate and
19 high-quality health care, to facilitate the best outcome, or, without reducing the
20 quality of care, to lower costs.

21 (j) Has in place a comprehensive, shared, electronic patient records and
22 treatment tracking system and an electronic provider payment system.

23 (k) Has adopted and implemented a strong policy to safeguard against conflicts
24 of interest.

SENATE BILL 562

1 (L) Has been organized by physicians or other health care providers, a
2 cooperative, or an entity whose mission includes improving the quality and lowering
3 the cost of health care, including the avoidance of unnecessary operating and capital
4 costs arising from inappropriate utilization or inefficient delivery of health care
5 services, unwarranted duplication of services and infrastructure, or creation of
6 excess capacity.

7 (m) Agrees to enroll and provide the benefits specified in this chapter to all
8 participants who choose the health care network, regardless of the participant's age,
9 sex, race, religion, national origin, sexual orientation, health status, marital status,
10 disability status, or employment status, except that a health care network may do
11 one of the following:

12 1. Limit the number of new enrollees it accepts if the health care network
13 certifies to the board that accepting more than a specified number of enrollees would
14 make it impossible to provide all enrollees with the benefits specified in this chapter
15 at the level of quality that the network is committed to maintaining, provided that
16 the health care network uses a random method for deciding which new enrollees it
17 accepts.

18 2. Limit the participants that it serves to a specific affinity group, such as
19 farmers or teachers, that the health care network has certified to the board, provided
20 that the limitation does not involve discrimination based on any of the factors
21 described in this paragraph and has neither been created for the purpose, nor will
22 have the effect, of screening out higher-risk enrollees. This subdivision applies only
23 to affinity groups that are in existence as of December 31, 2008.

24 **(5) CERTIFICATION OF HEALTH CARE NETWORKS AND CLASSIFICATION OF BIDS.** (a) The
25 board shall review the bids submitted under sub. (3), the information submitted by

SENATE BILL 562

1 bidders pertaining to whether the bidders are qualifying health care networks, and
2 other evidence provided to the board as to whether a particular bidder is a qualifying
3 health care network.

4 (b) Based on the information about bidder qualification submitted or otherwise
5 provided under par. (a), the board shall certify which health care networks are
6 qualifying health care networks.

7 (c) With respect to all health care networks that the board certifies under par.
8 (b), the board shall open the submitted, sealed bids at a predetermined time. The
9 board shall classify the certified health care networks according to price and quality
10 measures after comparing their risk-adjusted per-month bids and assessing their
11 quality. The board shall classify the network that bid the lowest price as the
12 lowest-cost network, and shall classify as a low-cost network any network that has
13 bid a price that is close to the price bid by the lowest-cost network. Any other
14 network shall be classified as a higher-cost network.

15 **(6) OPEN ENROLLMENT.** The board shall provide an annual open enrollment
16 period during which each participant may select a certified health care network from
17 among those offered, or a fee-for-service option. Coverage shall be effective on the
18 following January 1. A participant who does not select a certified health care
19 network or the fee-for-service option will be assigned randomly to one of the
20 networks that have been classified under sub. (5) as having submitted the lowest or
21 a low bid and as performing well on quality measures, or to the fee-for-service option
22 if that is the lowest-cost option. A participant who selects the fee-for-service option
23 or a certified health care network that has been classified as a higher-cost network,
24 but who fails to pay the additional payment under sub. (7) (a) 2., shall be assigned
25 randomly to one of the networks that has been classified under sub. (5) as the

SENATE BILL 562

1 lowest-cost network or as a low-cost network and as performing well on quality
2 measures, or to the fee-for-service option if that is the lowest-cost option.

3 (7) PAYMENTS TO NETWORKS AND PROVIDERS. (a) *Payments to health care*
4 *networks.* 1. On behalf of each participant who selects or has been assigned to a
5 certified health care network that has been classified under sub. (5) (c) as the
6 lowest-cost network or a low-cost network and as performing well on quality
7 measures, the board shall pay monthly to the health care network the full
8 risk-adjusted per-member per-month amount that was bid by the network. The
9 dollar amount shall be actuarially adjusted for the participant based on age, sex, and
10 other appropriate risk factors determined by the board. A participant who selects
11 or is assigned to the lowest-cost network or a low-cost network shall not be required
12 to pay any additional amount to the network.

13 2. If a participant chooses instead to enroll in a certified health care network
14 that has been classified under sub. (5) (c) as a higher-cost network, the board shall
15 pay monthly to the chosen health care network an amount equal to the bid submitted
16 by the network that the board classified under sub. (5) (c) as the lowest-cost network
17 and as having performed well on quality measures. The dollar amount shall be
18 actuarially adjusted for the participant based on age, sex, and other appropriate risk
19 factors determined by the board. A participant who chooses to enroll in a higher-cost
20 network shall be required to pay monthly, in addition to the amount paid by the
21 board, an amount sufficient to ensure that the chosen network receives the full price
22 bid by that network.

23 3. The board may retain a percentage of the dollar amounts established for each
24 participant under subs. 1. and 2. to pay to certified health care networks that have
25 incurred disproportionate risk not fully compensated for by the actuarial adjustment

SENATE BILL 562

1 in the amount established for each eligible person. Any payment to a certified health
2 care network under this subdivision shall reflect the disproportionate risk incurred
3 by the health care network.

4 (b) *Payments to fee-for-service providers.* 1. The board shall establish provider
5 payment rates that will be paid to providers of covered services and articles that are
6 provided to participants who choose the fee-for-service option under sub. (2) (a). The
7 payment rates shall be fair and adequate to ensure that this state is able to retain
8 the highest quality of medical practitioners. The board shall limit increases in the
9 provider payment rate for each service or article such that any increase in per person
10 spending under the plan does not exceed the national rate of medical inflation.

11 2. Except for deductibles, copayments, coinsurance, and any other cost sharing
12 required or authorized under the plan, a provider of a covered service or article shall
13 accept as payment in full for the covered service or article the payment rate
14 determined under subd. 1. and may not bill a participant who receives the service or
15 article for any amount by which the charge for the service or article is reduced under
16 subd. 1.

17 3. The board, with the assistance of its actuarial consultants, shall establish
18 the monthly risk-adjusted cost of the fee-for-service option offered to participants
19 under sub. (2) (a). The board shall classify the fee-for-service option in the same
20 manner as the board classifies certified health care networks under sub. (5) (c).

21 4. If the board has determined under sub. (5) (c) that there is at least one
22 certified low-cost health care network in an area, which may be the lowest-cost
23 health care network, and if the fee-for-service option offered in that area has been
24 classified as a higher-cost choice under subd. 3., the cost to a participant enrolling
25 in the fee-for-service option shall be determined as follows:

SENATE BILL 562

1 a. If there are available to the participant 3 or more certified health care
2 networks classified under sub. (5) (c) as low-cost networks, or as the lowest-cost
3 network and 2 or more low-cost networks, the participant shall pay the difference
4 between the cost of the lowest-cost health care network and the monthly
5 risk-adjusted cost established under subd. 3. for the fee-for-service option, except
6 that the amount paid may not exceed \$100 per month for an individual, or \$200 per
7 month for a family, as adjusted for medical inflation.

8 b. If there are available to the participant 2 certified health care networks
9 classified under sub. (5) (c) as low-cost networks, or as the lowest-cost network and
10 one low-cost network, the participant shall pay the difference between the cost of the
11 lowest-cost health care network and the monthly risk-adjusted cost established
12 under subd. 3. for the fee-for-service option, except that the amount paid may not
13 exceed \$65 per month for an individual, or \$125 per month for a family, as adjusted
14 for medical inflation.

15 c. If there is available to the participant only one certified health care network
16 classified under sub. (5) (c) as a low-cost network, or as the lowest-cost network, the
17 person shall pay the difference between the cost of the lowest-cost health care
18 network and the monthly risk-adjusted cost established under subd. 3. for the
19 fee-for-service option, except that the amount paid may not exceed \$25 per month
20 for an individual, and \$50 per month for a family, as adjusted for medical inflation.

21 5. If the board has determined, under sub. (5) (c), that there is no certified
22 lowest-cost health care network or low-cost health care network in the area, there
23 shall be no extra cost to the participant enrolling in the fee-for-service option.

24 **(8) INCENTIVE PAYMENTS TO FEE-FOR-SERVICE PROVIDERS.** Health care providers
25 and facilities providing services under the fee-for-service option under sub. (2) (a)

SENATE BILL 562

1 shall be encouraged to collaborate with each other through financial incentives
2 established by the board. Providers shall work with facilities to pool infrastructure
3 and resources; to implement the use of best practices and quality measures; and to
4 establish organized processes that will result in high–quality, low–cost medical care.
5 The board shall establish an incentive payment system to providers and facilities
6 that comply with this subsection, in accordance with criteria established by the
7 board.

8 **(9) PHARMACY BENEFIT.** Except for prescription drugs to which a deductible
9 applies, the board shall assume the risk for, and pay directly for, prescription drugs
10 provided to participants. In implementing this requirement, the board shall
11 replicate the prescription drug buying system developed by the group insurance
12 board for prescription drug coverage under the state employee health plan under s.
13 40.51 (6), unless the board determines that another approach would be more
14 cost–effective. The board may join the prescription drug purchasing arrangement
15 under this chapter with similar arrangements or programs in other states to form
16 a multistate purchasing group to negotiate with prescription drug manufacturers
17 and distributors for reduced prescription drug prices, or to contract with a 3rd party,
18 such as a private pharmacy benefits manager, to negotiate with prescription drug
19 manufacturers and distributors for reduced prescription drug prices.

20 **260.35 Subrogation.** The board and authority are entitled to the right of
21 subrogation for reimbursement to the extent that a participant may recover
22 reimbursement for health care services and items in an action or claim against any
23 3rd party.

24 **260.37 Employer–provided health care benefits.** Nothing in this chapter
25 prevents an employer, or a Taft–Hartley trust on behalf of an employer, from paying

SENATE BILL 562

1 all or part of any cost sharing under s. 260.20 or 260.30, or from providing any health
2 care benefits not provided under the plan, for any of the employer's employees.

3 **260.40 Assessments, individuals and businesses. (1) DEFINITIONS.** In this
4 section:

5 (a) "Department" means the department of revenue.

6 (b) "Dependent" means a spouse, an unmarried child under the age of 19 years,
7 an unmarried child who is a full-time student under the age of 21 years and who is
8 financially dependent upon the parent, or an unmarried child of any age who is
9 medically certified as disabled and who is dependent upon the parent.

10 (c) "Eligible individual" means an individual who is eligible to participate in
11 the plan, other than an employee or a self-employed individual.

12 (d) "Employee" means an individual who has an employer.

13 (e) "Employer" means a person who is required under the Internal Revenue
14 Code to file form 941.

15 (em) "Household" means an individual who is either an eligible individual, an
16 employee, or a self-employed individual, and the individual's immediate family, as
17 that term is defined by the board under s. 260.10 (7) (c).

18 (f) "Medical inflation" means the percentage change between the U.S.
19 consumer price index for all urban consumers, U.S. city average, for the medical care
20 group only, including medical care commodities and medical care services, for the
21 month of August of the previous year and the U.S. consumer price index for all urban
22 consumers, U.S. city average, for the medical care group only, including medical care
23 commodities and medical care services, for the month of August 2008, as determined
24 by the U.S. department of labor.

SENATE BILL 562

1 (g) “Poverty line” means the federal poverty line, as defined under 42 USC 9902
2 (2), for a family the size of the individual’s family.

3 (h) “Self-employed individual” means an individual who is required under the
4 Internal Revenue Code to file schedule SE.

5 (i) “Small employer” means an employer who has no more than 10 employees.

6 (j) “Social security wages” means:

7 1. For purposes of sub. (2) (a), the amount of wages, as defined in section 3121
8 (a) of the Internal Revenue Code, paid to an employee by an employer in a taxable
9 year, up to a maximum amount that is equal to the social security wage base.

10 2. For purposes of sub. (2) (b), the amount of net earnings from
11 self-employment, as defined in section 1402 (a) of the Internal Revenue Code,
12 received by an individual in a taxable year, up to a maximum amount that is equal
13 to the social security wage base.

14 3. For purposes of sub. (3), the amount of wages, as defined in section 3121 (a)
15 of the Internal Revenue Code, paid by an employer in a taxable year with respect to
16 employment, as defined in section 3121 (b) of the Internal Revenue Code, up to a
17 maximum amount that is equal to the social security wage base multiplied by the
18 number of the employer’s employees.

19 **(2) INDIVIDUALS.** Subject to sub. (4), the board shall calculate the following
20 assessments, based on its anticipated revenue needs:

21 (a) For an employee who is under the age of 65, a percent of social security
22 wages that is at least 2 percent and not more than 4 percent, subject to the following:

23 1. If the employee has social security wages that are 150 percent or less of the
24 poverty line, the employee may not be assessed.

SENATE BILL 562

1 2. If the employee has no dependents and his or her social security wages are
2 more than 150 percent and 200 percent or less of the poverty line the assessment
3 shall be in an amount, as determined by the board on a sliding scale based on the
4 employee's social security wages, that is between zero percent and 4 percent of the
5 employee's social security wages.

6 3. If the employee has one or more dependents, or is a single individual who is
7 pregnant, and the employee's social security wages are more than 150 percent and
8 300 percent or less of the poverty line the assessment shall be in an amount, as
9 determined by the board on a sliding scale based on the employee's social security
10 wages, that is between zero percent and 4 percent of the employee's social security
11 wages.

12 (b) For a self-employed individual who is under the age of 65, a percent of social
13 security wages that is at least 9 percent and not more than 10 percent.

14 (c) For an eligible individual who has no social security wages under sub. (1)
15 (j) 1. or 2. or, from an employer, under sub. (1) (j) 3., 10 percent of federal adjusted
16 gross income, up to the maximum amount of income that is subject to social security
17 tax.

18 **(3) EMPLOYERS.** (a) Subject to pars. (b), (c), and (d) and sub. (4), the board shall
19 calculate an assessment, based on its anticipated revenue needs, that is a percent of
20 aggregate social security wages that is at least 9 percent and not more than 12
21 percent.

22 (b) Except as provided in par. (d), for taxable year beginning after December
23 31, 2009, and before January 1, 2011, the assessment imposed on a small employer
24 shall be 33 percent of the amount calculated for that employer under par. (a).

SENATE BILL 562

1 (c) Except as provided in par. (d), for taxable year beginning after December 31,
2 2010, and before January 1, 2012, the assessment imposed on a small employer shall
3 be 67 percent of the amount calculated for that employer under par. (a).

4 (d) If a small employer begins doing business in this state, as defined in s. 71.22
5 (1r), during the period beginning on January 1, 2010, and ending on December 31,
6 2012, for the small employer's first taxable year the assessment imposed on the small
7 employer shall be 33 percent of the amount calculated for that employer under par.
8 (a) and for the small employer's 2nd taxable year the assessment imposed on the
9 small employer shall be 67 percent of the amount calculated for that employer under
10 par. (a).

11 **(4) COLLECTION AND CALCULATION OF ASSESSMENTS.** (a) For taxable years
12 beginning after December 31, 2009, the department shall impose on, and collect
13 from, individuals the assessment amounts that the board calculates under sub. (2),
14 either through an assessment that is collected as part of the income tax under subch.
15 I of ch. 71, or through another method devised by the department. For taxable years
16 beginning after December 31, 2009, the department shall impose on, and collect
17 from, employers the assessment amounts that the board calculates under sub. (3),
18 either through an assessment that is collected as part of the tax under subch. IV of
19 ch. 71, or through another method devised by the department. Section 71.80 (1) (c),
20 as it applies to ch. 71, applies to the department's imposition and collection of
21 assessments under this section.

22 (b) The amounts that the department collects under par. (a) shall be deposited
23 into the Healthy Wisconsin trust fund under s. 25.775.

24 (c) The board may annually increase or decrease the amounts that may be
25 assessed under subs. (2) and (3). No annual increase under this paragraph may

SENATE BILL 562

1 exceed the percentage increase for medical inflation unless a greater increase is
2 provided for by law.

3 (d) The maximum amount of assessment that the department may impose on,
4 and collect from, a household under par. (a) is 4 percent of the annual limit on the
5 contribution and benefit base of the Old-Age, Survivors, and Disability Insurance
6 program, as calculated annually by the U.S. social security administration.

7 **260.49 Advisory committee. (1) DUTIES.** The board shall establish a health
8 care advisory committee to advise the board on all of the following:

- 9 (a) Matters related to promoting healthier lifestyles.
- 10 (b) Promoting health care quality.
- 11 (c) Increasing the transparency of health care cost and quality information.
- 12 (d) Preventive care.
- 13 (e) Early identification of health disorders.
- 14 (f) Disease management.
- 15 (g) The appropriate use of primary care, medical specialists, prescription
16 drugs, and hospital emergency rooms.
- 17 (h) Confidentiality of medical information.
- 18 (i) The appropriate use of technology.
- 19 (j) Benefit design.
- 20 (k) The availability of physicians, hospitals, and other providers.
- 21 (L) Reducing health care costs.
- 22 (m) Any other subject assigned to it by the board.
- 23 (n) Any other subject determined appropriate by the committee.
- 24 **(2) MEMBERSHIP.** The board shall appoint as members of the committee all of
25 the following individuals:

SENATE BILL 562

1 (a) At least one member designated by the Wisconsin Medical Society, Inc.

2 (b) At least one member designated by the Wisconsin Academy of Family
3 Physicians.

4 (c) At least one member designated by the Wisconsin Hospital Association, Inc.

5 (d) One member designated by the president of the Board of Regents of the
6 University of Wisconsin System who is knowledgeable in the field of medicine and
7 public health.

8 (e) One member designated by the president of the Medical College of
9 Wisconsin.

10 (f) Two members designated by the Wisconsin Nurses Association, the
11 Wisconsin Federation of Nurses and Health Professionals, and the Service
12 Employees International Union.

13 (g) One member designated by the Wisconsin Dental Association.

14 (h) One member designated by statewide organizations interested in mental
15 health issues.

16 (i) One member representing health care administrators.

17 (j) Other members representing health care professionals.

18 **SECTION 77.** 285.59 (1) (b) of the statutes is amended to read:

19 285.59 (1) (b) “State agency” means any office, department, agency, institution
20 of higher education, association, society, or other body in state government created
21 or authorized to be created by the constitution or any law which that is entitled to
22 expend moneys appropriated by law, including the legislature and the courts, the
23 Wisconsin Housing and Economic Development Authority, the Bradley Center
24 Sports and Entertainment Corporation, the University of Wisconsin Hospitals and
25 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin

SENATE BILL 562

1 Aerospace Authority, and the Wisconsin Health and Educational Facilities
2 Authority, and the Healthy Wisconsin Authority.

3 **SECTION 78.** 609.01 (7) of the statutes is repealed.

4 **SECTION 79.** 609.10 of the statutes is repealed.

5 **SECTION 80.** 609.20 (1m) (c) of the statutes is repealed.

6 **SECTION 81.** 609.20 (1m) (d) of the statutes is repealed.

7 **SECTION 82.** 628.36 (4) (a) (intro.) of the statutes is amended to read:

8 628.36 (4) (a) (intro.) The commissioner shall provide information and
9 assistance to ~~the department of employee trust funds,~~ employers and their
10 employees, providers of health care services, and members of the public, as provided
11 in par. (b), for the following purposes:

12 **SECTION 83.** 628.36 (4) (b) 1. of the statutes is repealed.

13 **SECTION 84.** 628.36 (4) (b) 2. of the statutes is repealed.

14 **SECTION 85.** 628.36 (4) (b) 3. of the statutes is repealed.

15 **SECTION 86.** 632.87 (5) of the statutes is amended to read:

16 632.87 (5) No insurer or ~~self-insured school district, city or village~~ may, under
17 a policy, plan, or contract covering gynecological services or procedures, exclude or
18 refuse to provide coverage for Papanicolaou tests, pelvic examinations, or associated
19 laboratory fees when the test or examination is performed by a licensed nurse
20 practitioner, as defined in s. 632.895 (8) (a) 3., within the scope of the nurse
21 practitioner's professional license, if the policy, plan, or contract includes coverage
22 for Papanicolaou tests, pelvic examinations, or associated laboratory fees when the
23 test or examination is performed by a physician.

24 **SECTION 87.** 632.895 (8) (f) 4. of the statutes is created to read:

SENATE BILL 562

1 632.895 **(8)** (f) 4. A disability insurance policy providing only health care
2 benefits not provided under the Healthy Wisconsin Plan under ch. 260.

3 **SECTION 88.** 632.895 (9) (d) 4. of the statutes is created to read:

4 632.895 **(9)** (d) 4. A disability insurance policy providing only health care
5 benefits not provided under the Healthy Wisconsin Plan under ch. 260.

6 **SECTION 89.** 632.895 (10) (a) of the statutes is amended to read:

7 632.895 **(10)** (a) Except as provided in par. (b), every disability insurance policy
8 ~~and every health care benefits plan provided on a self-insured basis by a county~~
9 ~~board under s. 59.52 (11), by a city or village under s. 66.0137 (4), by a political~~
10 ~~subdivision under s. 66.0137 (4m), by a town under s. 60.23 (25), or by a school district~~
11 ~~under s. 120.13 (2)~~ shall provide coverage for blood lead tests for children under 6
12 years of age, which shall be conducted in accordance with any recommended lead
13 screening methods and intervals contained in any rules promulgated by the
14 department of health and family services under s. 254.158.

15 **SECTION 90.** 632.895 (10) (b) 6. of the statutes is created to read:

16 632.895 **(10)** (b) 6. A disability insurance policy providing only health care
17 benefits not provided under the Healthy Wisconsin Plan under ch. 260.

18 **SECTION 91.** 632.895 (11) (a) (intro.) of the statutes is amended to read:

19 632.895 **(11)** (a) (intro.) Except as provided in par. (e), every disability
20 insurance policy, ~~and every self-insured health plan of the state or a county, city,~~
21 ~~village, town or school district,~~ that provides coverage of any diagnostic or surgical
22 procedure involving a bone, joint, muscle, or tissue shall provide coverage for
23 diagnostic procedures and medically necessary surgical or nonsurgical treatment for
24 the correction of temporomandibular disorders if all of the following apply:

25 **SECTION 92.** 632.895 (11) (c) 1. of the statutes is amended to read:

SENATE BILL 562

1 632.895 (11) (c) 1. The coverage required under this subsection may be subject
2 to any limitations, exclusions, or cost-sharing provisions that apply generally under
3 the disability insurance policy ~~or self-insured health plan.~~

4 **SECTION 93.** 632.895 (11) (d) of the statutes is amended to read:

5 632.895 (11) (d) Notwithstanding par. (c) 1., an insurer ~~or a self-insured health~~
6 ~~plan of the state or a county, city, village, town or school district~~ may require that an
7 insured obtain prior authorization for any medically necessary surgical or
8 nonsurgical treatment for the correction of temporomandibular disorders.

9 **SECTION 94.** 632.895 (11) (e) 3. of the statutes is created to read:

10 632.895 (11) (e) 3. A disability insurance policy providing only health care
11 benefits not provided under the Healthy Wisconsin Plan under ch. 260.

12 **SECTION 95.** 632.895 (12) (b) (intro.) of the statutes is amended to read:

13 632.895 (12) (b) (intro.) Except as provided in par. (d), every disability
14 insurance policy, ~~and every self-insured health plan of the state or a county, city,~~
15 ~~village, town or school district,~~ shall cover hospital or ambulatory surgery center
16 charges incurred, and anesthetics provided, in conjunction with dental care that is
17 provided to a covered individual in a hospital or ambulatory surgery center, if any
18 of the following applies:

19 **SECTION 96.** 632.895 (12) (c) of the statutes is amended to read:

20 632.895 (12) (c) The coverage required under this subsection may be subject
21 to any limitations, exclusions, or cost-sharing provisions that apply generally under
22 the disability insurance policy ~~or self-insured plan.~~

23 **SECTION 97.** 632.895 (13) (a) of the statutes is amended to read:

24 632.895 (13) (a) Every disability insurance policy, ~~and every self-insured~~
25 ~~health plan of the state or a county, city, village, town or school district,~~ that provides

SENATE BILL 562

1 coverage of the surgical procedure known as a mastectomy shall provide coverage of
2 breast reconstruction of the affected tissue incident to a mastectomy.

3 **SECTION 98.** 632.895 (13) (b) of the statutes is amended to read:

4 632.895 (13) (b) The coverage required under par. (a) may be subject to any
5 limitations, exclusions, or cost-sharing provisions that apply generally under the
6 disability insurance policy ~~or self-insured health plan.~~

7 **SECTION 99.** 632.895 (14) (b) of the statutes is amended to read:

8 632.895 (14) (b) Except as provided in par. (d), every disability insurance policy,
9 ~~and every self-insured health plan of the state or a county, city, town, village or school~~
10 ~~district,~~ that provides coverage for a dependent of the insured shall provide coverage
11 of appropriate and necessary immunizations, from birth to the age of 6 years, for a
12 dependent who is a child of the insured.

13 **SECTION 100.** 632.895 (14) (c) of the statutes is amended to read:

14 632.895 (14) (c) The coverage required under par. (b) may not be subject to any
15 deductibles, copayments, or coinsurance under the policy ~~or plan.~~ This paragraph
16 applies to a defined network plan, as defined in s. 609.01 (1b), only with respect to
17 appropriate and necessary immunizations provided by providers participating, as
18 defined in s. 609.01 (3m), in the plan.

19 **SECTION 101.** 632.895 (14) (d) 7. of the statutes is created to read:

20 632.895 (14) (d) 7. A disability insurance policy providing only health care
21 benefits not provided under the Healthy Wisconsin Plan under ch. 260.

22 **SECTION 102. Nonstatutory provisions.**

23 (1) HEALTHY WISCONSIN PLAN.

SENATE BILL 562

1 (a) *Legislative findings.* In establishing the Healthy Wisconsin Plan under
2 chapter 260 of the statutes, as created by this act, the legislature finds all of the
3 following:

4 1. ‘Costs.’ Health care costs in Wisconsin are rising at an unsustainable rate
5 making the need for comprehensive reform urgent. Rising costs are seriously
6 threatening the ability of Wisconsin businesses to globally compete; farms to thrive;
7 government to provide needed services; schools to educate; and local citizens to form
8 new and successful business ventures. Some indicators of rising costs are the
9 following:

10 a. Total health care spending in Wisconsin in 2007 is projected to be \$42.3
11 billion, and is projected to grow 82 percent, to \$76.9 billion, in the next decade.

12 b. The cost of employer–provided health care in Wisconsin increased by 9.3
13 percent in 2006, averaging \$9,516 per employee. This figure is 26 percent more than
14 the national average.

15 c. Employee premium contributions and out–of–pocket costs are rising faster
16 than wages.

17 d. Rising costs have led to a decline in employer–provided health benefits. In
18 1979, 73 percent of private–sector Wisconsin workers had employer–based health
19 insurance coverage; however, only 57 percent received health benefits in 2004.

20 e. At least one–half of all personal bankruptcies in the United States are the
21 result of medical expenses. Over 75.7 percent of this group had insurance at the
22 onset of illness. In 2004, there were 13,454 medical bankruptcies in Wisconsin
23 affecting 37,360 people.

24 f. The costs of health services provided to individuals who are unable to pay are
25 shifted to others. Of the \$22 billion charged by hospitals in 2005, \$736,000,000 was

SENATE BILL 562

1 not collected. Those who bear the burden of this cost shift have an increasingly
2 difficult time paying their own health care costs.

3 2. ‘Access.’ There is a large and increasing number of people who have no health
4 insurance or who are underinsured. For this growing population, health care is
5 unaffordable and, most often, not received in the most timely and effective manner.
6 Some indicators of lack of access to health care are as follows:

7 a. Over one 500,000 Wisconsin residents were uninsured at any given point
8 during 2007.

9 b. Over 65 percent of the uninsured in Wisconsin are employed.

10 c. The uninsured are less likely to seek care and, thus, have poorer health
11 outcomes compared to the insured population.

12 d. In 2007, total spending on the uninsured in Wisconsin is projected to reach
13 over \$1,000,000,000. About 23.2 percent of this amount will be in the form of
14 uncompensated care; 21.7 percent will be provided through public programs; and
15 37.5 percent will be paid by the uninsured individuals.

16 3. ‘Inequity.’ The health care system contains inequities. Some indicators of
17 inequity are as follows:

18 a. Wisconsin businesses are competing on an uneven playing field. The
19 majority of Wisconsin businesses that do insure their workers are subsidizing those
20 businesses that are not paying their fair share for health care.

21 b. Our current system forces the sick and the aging to pay far higher premiums
22 than the healthy and those covered under group plans, rather than spreading the
23 risk across the broadest pool possible.

24 c. The uninsured face medical charges by hospitals, doctors, and other health
25 care providers that are 2.5 times what public and private health insurers pay.

SENATE BILL 562

1 4. ‘Inefficiency.’ Wisconsin does not have a clearly defined, integrated health
2 care system. Our health care system is complex, fragmented, and disease–focused
3 rather than health–focused, resulting in massive inefficiencies and placing
4 inordinate administrative burdens on health care professionals. Some indicators of
5 inefficiency are as follows:

6 a. Health care financing is accomplished through a patchwork of public
7 programs, private sector employer–sponsored self–insurance, commercial
8 insurance, and individual payers. The most recent study for Wisconsin estimates
9 that about 27 cents of every health care dollar is spent on marketing, overhead, and
10 administration, leaving only 73 cents left to deliver medical care.

11 b. This fragmentation and misaligned financial incentives lead, in some
12 instances, to excessive or inadequate care and create barriers to coordination and
13 accountability among health care professionals, payers, and patients.

14 c. The Institute of Medicine estimates that between 30 cents and 40 cents of
15 every health care dollar is spent on costs of poor quality — overuse, underuse,
16 misuse, duplication, system failures, unnecessary repetition, poor communication,
17 and inefficiency. Included in this inefficiency are an unacceptable number of adverse
18 events attributable to medical errors. Patients receive appropriate care based on
19 known “best practices” only about one–half of the time.

20 d. The best care results from the conscientious, explicit, and judicious use of
21 current best evidence and knowledge of patient values by well–trained, experienced
22 clinicians.

23 5. ‘Limitations on reform.’ Federal laws and programs, such as Medicaid,
24 Medicare, Tri–Care, and Champus, constrain Wisconsin’s ability to establish
25 immediately a fully integrated health care system.

SENATE BILL 562

1 6. ‘Wisconsin as a laboratory for the nation.’ Wisconsin is in a unique position
2 to successfully implement major health care reform. Many providers are already
3 organized into comprehensive delivery systems and have launched innovative pilot
4 programs to improve both the quality and efficiency of their care. Wisconsin is at the
5 forefront in developing systems for health information transparency. Organizations
6 such as the Wisconsin Collaborative for Healthcare Quality, Wisconsin Health
7 Information Organization, and the Wisconsin Hospital Association have launched
8 ambitious projects to provide data on quality, safety, and pricing.

9 (b) *Initial terms of Healthy Wisconsin Authority board.* Notwithstanding the
10 lengths of terms of the members of the board of the Healthy Wisconsin Authority
11 specified in section 260.05 (1) of the statutes, as created by this act, the initial
12 members shall be appointed for the following terms:

13 1. One member each from section 260.05 (1) (a), (b), and (g) of the statutes, as
14 created by this act, for terms that expire on July 1, 2010.

15 2. One member each from section 260.05 (1) (a), (b), and (e) of the statutes, as
16 created by this act, for terms that expire on July 1, 2011.

17 3. One member each from section 260.05 (1) (c), (e), and (g) of the statutes, as
18 created by this act, for terms that expire on July 1, 2012.

19 4. One member each from section 260.05 (1) (d), (f), and (g) of the statutes, as
20 created by this act, for terms that expire on July 1, 2013.

21 5. One member each from section 260.05 (1) (a) and (b) of the statutes, as
22 created by this act, for terms that expire on July 1, 2014.

23 6. One member each from section 260.05 (1) (a) and (b) of the statutes, as
24 created by this act, for terms that expire on July 1, 2015.

SENATE BILL 562

1 (c) *Provisional appointments.* Notwithstanding the requirement for senate
2 confirmation of the appointment of the members of the board of the Healthy
3 Wisconsin Authority under section 260.05 (1) of the statutes, as created by this act,
4 the initial members may be provisionally appointed by the governor, subject to
5 confirmation by the senate. Any such appointment shall be in full force until acted
6 upon by the senate, and when confirmed by the senate shall continue for the
7 remainder of the term, or until a successor is chosen and qualifies. A provisional
8 appointee may exercise all of the powers and duties of the office to which such person
9 is appointed during the time in which the appointee qualifies. Any appointment
10 made under this subsection that is withdrawn or rejected by the senate shall lapse.
11 When a provisional appointment lapses, a vacancy occurs. Whenever a new
12 legislature is organized, any appointments then pending before the senate shall be
13 referred by the president to the appropriate standing committee of the newly
14 organized senate.

15 (d) *Property tax credit.* If with respect to levies imposed for 2010, any taxing
16 jurisdiction, as defined in section 74.01 (7) of the statutes, reduces the costs of
17 providing health care coverage to its employees as a result of providing that coverage
18 under the Healthy Wisconsin Plan under chapter 260 of the statutes, as created by
19 this act, together with any supplemental coverage needed to ensure that the health
20 care coverage provided to employees of the taxing jurisdiction is actuarially
21 equivalent to the coverage they received in 2009, the taxing jurisdiction shall
22 distribute at least 50 percent of the savings to the property taxpayers in the taxing
23 jurisdiction as a reduction in the property tax assessments as of January 1, 2010.
24 The reduction shall be calculated based on the equalized value of the property, as

SENATE BILL 562

1 determined under section 70.57 of the statutes, and shall reduce the property taxes
2 otherwise payable in that year.

3 **SECTION 103. Effective dates.** This act takes effect on the day after
4 publication, except as follows:

5 (1) **HEALTHY WISCONSIN PLAN.** The treatment of sections 13.94 (1) (dj) and (1s)
6 (c) 5., 16.004 (7d) and (7h), 40.05 (4) (a) 4., (ag) (intro.), (ar), (b), and (be) and (4g) (d),
7 40.51 (1), (2), (7), (8), and (8m), 40.52 (1) (intro.), (1m), and (2), 40.98 (2) (a) 1., 49.45
8 (54), 49.473 (2) (c), 49.665 (5) (ag), 49.68 (3) (d) 1., 49.683 (3), 49.685 (6) (b), 49.687
9 (1m) (d), 59.52 (11) (c), 60.23 (25), 66.0137 (4), (4m) (b), and (5), 109.075 (9), 111.70
10 (1) (dm) and (4) (cm) 8s., 111.91 (2) (pt), 120.13 (2) (b) and (g), 149.12 (2) (em), 609.01
11 (7), 609.10, 609.20 (1m) (c) and (d), 628.36 (4) (a) (intro.) and (b) 1., 2., and 3., 632.87
12 (5), and 632.895 (8) (f) 4., (9) (d) 4., (10) (a) and (b) 6., (11) (a) (intro.), (c) 1., (d), and
13 (e) 3., (12) (b) (intro.) and (c), (13) (a) and (b), and (14) (b), (c), and (d) 7. of the statutes,
14 the renumbering and amendment of sections 40.51 (6) and 62.61 of the statutes, and
15 the creation of sections 40.51 (6) (b) and 62.61 (1) (b) of the statutes take effect on
16 January 1, 2010.

17 **(END)**