



## Legislative Fiscal Bureau

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February 13, 2018

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Summary of Changes to Assembly Bill 885 under Assembly Amendment 1 to AB 885: Wisconsin Healthcare Stability Plan

This memorandum provides a summary of several modifications to Assembly Bill 885 that would be made by Assembly Substitute Amendment 1 to AB 885.

*Delete Funding for the Reinsurance Program in 2018-19.* Delete the funding provided in 2018-19 for the reinsurance program (\$50,000,000 GPR and \$150,000,000 FED), reflecting that no expenditures would be made under the program until 2019-20.

*Lapse from the Medical Assistance Benefits Appropriation.* Delete the provision requiring the Secretary of the Department of Health Services to ensure that there is lapsed up to \$80,000,000 GPR from the medical assistance program, as determined by the Secretary of the Department of Administration.

*Statutory Expenditure Limit.* Prohibit OCI from expending more than \$200,000,000 from all revenue sources for the reinsurance program in 2019 and in future years, unless the Joint Committee on Finance has increased this amount upon request of OCI.

*Savings Associated with Health Insurer Fee Suspension.* Clarify that the savings to the state associated with the suspension of the federal health insurer fee would be amounts for which estimates were included in the biennial budget for paying the fee, but would not be expended if the fee is not applicable. As introduced, the bill would make funding adjustments to the budget regardless if the biennial budget included funding for paying the fee.

*Adjustments to Compensation Reserves Related to Non-applicability of the Health Insurer Fee.* Clarify that any funding adjustments to compensation reserves would be the savings to the group health plan associated with the suspension of the health insurer fee. As introduced, the bill would authorize DOA to reduce compensation reserves related to any savings associated with the suspension of the health insurer fee, including savings to the medical assistance program.

In addition, require that any transfer from PR account balances to the general fund associated with the savings from the suspension of the health insurer fee be approved by the Joint Committee on Finance under a 14-day passive review process.

Authorize DOA to reduce funding for the medical assistance program by an amount that is no greater than the savings to the program related to the suspension of the health insurer fee if the Secretary of the Department of Health Services determines that such a reduction would not result in a deficit in the MA program.

*Program Revenue Appropriation for the Reinsurance Program.* Delete the program revenue appropriation for the reinsurance program, and provisions related to that appropriation. As introduced, the bill would establish a PR appropriation and authorize DOA to transfer savings associated with the suspension of the health insurer fee from the general fund into that appropriation to offset the GPR cost of the reinsurance program. However, since all funding transferred to the PR appropriation would be from the general fund, the presence of the PR appropriation would have no impact on the general fund support for the program.

*Legislative Approval of Medicaid Expansion.* Prohibit the Department of Health Services from implementing a full expansion of Medicaid under the Affordable Care Act unless the Legislature has passed legislation to allow the expansion and that legislation is in effect.

*Subsequent Waiver Submittal.* Specify that the recommendation made by OCI to the Governor regarding additional waivers must include consideration the impacts of creating a high-risk pool or an invisible high-risk pool, funding of consumer health savings accounts, expanding consumer plan choices, including catastrophic plans or coverage and new low-cost plan options, and implementing any other approach that will lower consumer costs, stabilize the insurance market, or expand the availability of private insurance coverage.

*Administrative Rules--Maximizing Federal Funding.* Specify that the administrative rules that OCI promulgates for the program must seek to maximize federal funding for the reinsurance program.

*Method of Proportionate Reductions to Payments.* Specify that any reduction to payments occurring due to insufficient funds shall be made in proportion to each eligible insurer's share of aggregate individual health plan claims costs that are eligible for reinsurance payments during the given benefit year, rather than proportionate to the share of the insurer's premiums collected.

*Lawsuits Regarding Reinsurance Payments.* Specify that the prohibition against an insurer bringing a lawsuit over a delay or reduction in reinsurance payments applies only to lawsuits against the Insurance Commissioner or a state or agency employee.

*Use of Insurer Information.* Specify that any information submitted by an insurer for the purposes of the reinsurance program be used only for the purposes of the program.

Prepared by: Jon Dyck