

INSURANCE

Health Insurance Risk-Sharing Plan (HIRSP) Board Proposal for Transition to Individual Market  
[LFB Paper #381]

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Motion:

Adopt Alternative 1 to incorporate the HIRSP Board proposal (LRB 1888/P5) to transition HIRSP members to the individual market into the bill, with the following modifications:

1. *OCI Appropriations.* Modify the OCI appropriation that would be created under Alternative 1 to specify that it would pay expenses related to the HIRSP closeout except for operational expenses paid under a separate appropriation described below, to distribute residual HIRSP monetary assets, and to transfer a sum sufficient to the appropriation described below to pay for operational expenses.

Create a program revenue-service appropriation that would receive moneys from the appropriation described above, and pay for operational expenses related to winding up of HIRSP affairs, including hiring consultants, limited-term employees, and experts.

2. *Treatment of Unclaimed Property.* Specify under Chapter 177 of the statutes (related to unclaimed property) that any intangible property distributable in the course of the dissolution of HIRSP is presumed abandoned as otherwise provided under Chapter 177, if certain provisions related to the demutualization of an insurance company do not apply to the distribution.

Specify that for the purposes of Chapter 177 of the statutes, that the winding down of HIRSP shall be considered a dissolution of an insurer, except that a court order is not required to effect the dissolution of HIRSP.

3. *OCI Contracts.* Specify that OCI may enter into such contracts as are necessary to carry out the dissolution of HIRSP.

4. *Balance Billing Prohibited.* Specify that except for copayments, coinsurance, or deductibles required or authorized by HIRSP, within 90 days after HIRSP coverage terminates (and consistent with current law provisions related to HIRSP on payment in full, and covered expenses) a provider may not bill an eligible person who receives a covered service or article and shall accept as payment in full the payment rate established by the HIRSP Authority under provisions of current law.

5. *Notice Requirements.* Require the HIRSP Authority, on behalf of the Commissioner of Insurance, to give notice of the dissolution of HIRSP by first class mail at the last-known address

to all people known or reasonably expected from HIRSP's records to have claims against the plan, including all policyholders. Require that such notice be given at least 60 days before the last date of coverage. Specify that the notice to potential claimants require claimants to file claims within 90 days of the last date of coverage. Specify that the notice shall be consistent with the terms of the policies and contracts, shall be consistent with current law provisions related to notice of creditors and others under Chapter 645 of the statutes (related to the dissolution of insurers), and shall serve as final notice consistent with Chapter 645.

6. *Late Claim Filing.* Require proof of all claims to be filed with OCI in the form provided by OCI consistent with the proof of claim, as applicable, under s. 645.62 of the statutes, on or before the last day specified for filing. If a good cause is shown, require OCI to permit a claimant making a late filing when the claimant did not know of the existence of a claim and the claimant makes the claim within 30 days of learning of it, but not more than 210 days after the last date of coverage. Specify that any claim that would have become absolute if there had been no termination of coverage, and which was not covered by a succeeding insurer, shall be permitted unless the claimant had actual notice of the plan's termination or the notice was mailed to the claimant by first class mail at least 10 days before the insured event occurred.

7. *HIRSP Advisory Committee Updates.* Require the Commissioner of Insurance to provide periodic updates to the HIRSP advisory committee regarding the dissolution of HIRSP, and to include, at a minimum, expenses and claims paid information in such updates.

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Note:

This motion would adopt most provisions of the HIRSP Board's proposal contained in LRB Draft 1888/P5, and described in the Attachment to LFB issue paper #381. Additional background on the proposal is available in that paper. While the motion generally adopts the proposal as approved by the HIRSP Board in its April 24<sup>th</sup> meeting, the motion would also make the modifications described above.