

Healthy Wisconsin Council
Potential Models: Target and Structure
September 26, 2006 Meeting

	POTENTIAL MODEL 1 WISCONSIN SMALL GROUP/INDIVIDUAL MARKET	POTENTIAL MODEL 2 STATEWIDE CATASTROPHIC CARE	POTENTIAL MODEL 3 HYBRID PROGRAM
TARGET			
Primary Target	<p><u>Small businesses</u> = 50 or fewer employees, including self employed, at least 30% of employees earn low wages, employer has not provided insurance in past 12 months.</p> <p><u>Individuals</u> = earn low wages, employed in the past year, not eligible for employer-sponsored insurance or any public program, uninsured for past 12 months or lost coverage due to certain reasons.</p>	<p><u>All residents</u> = under 65, has been a resident in the state for at least 6 months, file income taxes in the state, is not an employee of the federal government. Medicaid participants would be included if federal waiver allowed to do so. Employees of firms covered under ERISA may or may not be excluded.</p>	<p><u>Small businesses</u> = 50 or fewer employees, including self employed, at least 30% of employees earn low wages, employer has not provided insurance in past 12 months.</p> <p><u>Individuals</u> = earn low wages, employed in the past year, not eligible for employer-sponsored insurance or any public program, uninsured for past 12 months or lost coverage due to certain reasons.</p>
Secondary Target	Co-op Care could buy reinsurance and have their own primary product.	None	Other businesses and residents are allowed to buy catastrophic coverage.
STRUCTURE			
Reinsurance/Catastrophic	<p><u>Limited benefits package</u> provided by HMOs or a contracted provider.</p> <p>Reinsurance</p> <p>\$0 for claims over \$Y</p> <p>\$Y</p> <p>Reimbursement Corridor - Reimbursement up to 90% for claims between \$X and \$Y</p> <p>\$X</p> <p>\$0 for claims under \$X</p>	<p>Options:</p> <ol style="list-style-type: none"> 1) aggregate loss 2) stop loss 3) partial reimbursement for high cost procedures 	<p><u>Full Participants</u>: A benefit package sold to eligible participants.</p> <p><u>Catastrophic only</u>: buy reinsurance at different levels; the price is higher for reinsurance at lower attachment points.</p> <p>Reinsurance</p> <p>Reinsurance pays 90% for claims above \$Z</p> <p>\$Z</p> <p>Reinsurance pays 85% for claims between \$Y and \$Z</p> <p>\$Y</p> <p>Reinsurance pays 70% for claims between \$X and \$Y</p> <p>\$X</p> <p>\$0 for claims under \$X</p>
Mandate	Small employers and individuals can voluntarily sign up if they qualify. The product is offered through a contracted provider or all HMOs are required to offer the product.	Yes or Subsidy (see below)	No
Primary Insurance Product	HMO provided? Community Rated? Guaranteed issue?	No	Same as under potential model 1.
Subsidy	Yes	Yes or Mandate (see above)	Yes, targeted at smallest employers and lowest paid individuals.
Administration	Office of Commissioner Insurance and HMOs	Broad based board including large and small businesses, labor, government, and consumers. Claim administration contracted out.	Quasi Public Board (similar to HIRSP).

Notes:
250% FPL for 1 individual = \$24,500/year or ~\$12/hour
300% FPL for 1 individual = \$29,400/year or ~\$14/hour
Wisconsin minimum wage from June 1, 2006 is \$6.50