

CR 82-72

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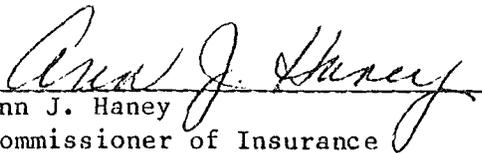
STATE OF WISCONSIN)
OFFICE OF THE COMMISSIONER OF INSURANCE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Ann J. Haney, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order amending Ins 3.42 and Ins 3.43 was issued by this office August 24, 1982.

I further certify that said copy has been compared by me with the original on file in this office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 24th day of August, 1982.


Ann J. Haney
Commissioner of Insurance

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STATE OF WISCONSIN
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VEL PHILLIPS
SECRETARY OF STATE

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STATE OF WISCONSIN
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VEL PHILLIPS
SECRETARY OF STATE

ORDER OF THE COMMISSIONER OF INSURANCE

AMENDING AND CREATING RULES

To amend Ins 3.42 (2) (b) and (e) and Ins 3.43 (1) (b) and (e);
and to create Ins 3.42 (2) (f) and (g) and Ins 3.43 (1) (f) and (g),
relating to standards for individual conversion policies.

ANALYSIS PREPARED BY

THE OFFICE OF THE COMMISSIONER OF INSURANCE

The purpose of sections Ins 3.42 and 3.43 is to set standards for individual conversion policies which are offered to people who have lost their prior group or individual coverage. Section 632.897 (4), Stats., requires that certain terminated insureds be offered conversion coverage which is reasonably similar to the prior coverage, and provides that the conversion coverage shall be reasonably similar if the terminated insured is offered a choice of three plans promulgated by the commissioner, or is offered a high limit, comprehensive plan of benefits approved by the commissioner for conversion purposes. Section Ins 3.42 outlines the commissioner's three plans, and section Ins 3.43 describes the minimum benefit standards that a high limit, comprehensive plan of

benefits must meet in order to be approved for conversion purposes. The proposed changes are intended to resolve some of the problems which have arisen during the review of conversion policies for approval.

Sections Ins 3.42 (2) (b) and Ins 3.43 (1) (b) are revised to clarify that the coinsurance provisions apply to hospital and surgical, as well as medical, coverage.

Sections Ins 3.42 (2) (e) and Ins 3.43 (1) (e) are amended to allow insurers to limit coverage of psychologists' services to those referred to supervised by a physician.

Sections Ins 3.42 (2) (f) and Ins 3.43 (1) (f) provide that a terminated insured who had maternity coverage under the prior policy must be offered a conversion policy covering normal pregnancy.

Sections Ins 3.42 (2) (g) and Ins 3.43 (1) (g) provide that if outpatient treatment of mental illness is covered, the coverage must meet one of two standards. Either at least 50% of usual, customary and reasonable charges must be covered, subject to the deductible and policy maximum, or benefits must conform to the mandates for group insurance in section 632.89, Stats. Previously, only the first option was allowed.

Pursuant to the authority vested in the commissioner by sections 601.41 (3) and 632.897 (4) (b), Stats., the Commissioner of Insurance hereby amends and creates rules implementing and interpreting section 632.897, Stats., as follows:

SECTION 1: Ins 3.42 (2) (b) and (e) are amended to read:

Ins 3.42 (2) (b) Payment of benefits at the rate of 80% of covered hospital, medical, and surgical expenses which are in excess of the deductible, until 20% of such expenses in a benefit period reaches

\$1,000, after which benefits ~~will~~shall be paid at 100% for the remainder of the benefit period; provided, however, benefits for outpatient treatment of mental illness, if covered by the policy, may be ~~provided at a lesser rate, but not below 50%~~limited as provided in par. (g), and surgical expenses ~~will~~shall be ~~provided~~covered at a usual, customary and reasonable level.

Ins 3.42 (2) (e) Payment for all services covered under the contract by any licensed health care professional qualified to provide the services; except payment for psychologists' services may be conditioned upon referral or supervision by a physician.

SECTION 2: Ins 3.42 (2) (f) and (g) are created to read:

Ins 3.42 (2) (f) Payment of benefits for maternity, subject to the limitations in pars. (a), (b), and (c), if maternity was covered under the prior policy.

Ins 3.42 (2) (g) Benefits for outpatient treatment of mental illness, if provided by the policy, may be limited to either of the following coverages at the option of the insurer:

1. At least 50% of usual, customary and reasonable expenses which are in excess of the policy deductible, subject to the policy lifetime maximum.

2. The minimum benefits for group policies described in s. 632.89 (2) (d), Stats.

SECTION 3: Ins 3.43 (1) (b) and (e) are amended to read:

Ins 3.43 (1) (b) Payment of benefits at the rate of 80% of covered hospital, medical, and surgical expenses which are in excess of the deductible, until 20% of such expenses in a benefit period reaches

\$1,000, after which benefits ~~will~~ shall be paid at 100% for the remainder of the benefit period; provided, however, benefits for outpatient treatment of mental illness, if covered by the policy, may be ~~provided at a lesser rate, but not below 50% limited as provided in par. (g)~~, and surgical expenses ~~will~~ shall be ~~provided~~ covered at a usual, customary and reasonable level.

Ins 3.43 (1) (e) Payment for all services covered under the contract by any licensed health care professional qualified to provide the services; except payment for psychologists' services may be conditioned upon referral or supervision by a physician.

SECTION 4: Ins 3.43 (1) (f) and (g) are created to read:

Ins 3.43 (1) (f) Payment of benefits for maternity, subject to the limitations in pars. (a), (b), and (c), if maternity was covered under the prior policy.

Ins 3.43 (1) (g) Benefits for outpatient treatment of mental illness, if provided by the policy, may be limited to either of the following coverages at the option of the insurer:

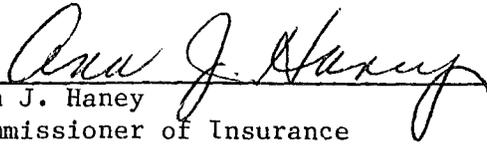
1. At least 50% of usual, customary and reasonable expenses which are in excess of the policy deductible, subject to the policy lifetime maximum.

2. The minimum benefits for group policies described in s. 632.89 (2) (d), Stats.

These rule changes shall take effect as provided in s. 227.026

(1) (intro.), Stats.

Dated at Madison, Wisconsin, this 30 day of Aug, 1981.



Ann J. Haney
Commissioner of Insurance

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