

ORDER OF THE
DEPARTMENT OF HEALTH AND FAMILY SERVICES
CREATING RULES

To create HFS 119.07 (6m) and table, to establish a separate prescription drug coinsurance benefit relating to the Health Insurance Risk-Sharing Plan (HIRSP) with limits on HIRSP policyholder out-of-pocket expenses for covered prescription drugs.

Analysis Prepared by the Department of Health and Family Services

The State of Wisconsin in 1981 established a Health Insurance Risk-Sharing Plan for the purpose of making health insurance coverage available to medically uninsured residents of the state. HIRSP health insurance coverage includes prescription drug coverage. Currently, two major issues affect HIRSP prescription drug coverage. The first issue is that pharmacies have difficulty determining the financial liability of HIRSP policyholders. The second issue is that the current system of HIRSP reimbursement to policyholders for prescription drug costs is financially burdensome to HIRSP policyholders. To resolve these issues, the department proposes to implement effective January 1, 2002, new coinsurance provisions for HIRSP's drug benefit that will clarify the financial liability of HIRSP policyholders for covered prescription drug costs and eliminate the process of reimbursing policyholders for prescription drug expenses by establishing policyholders' minimum and maximum out-of-pocket costs for covered prescription drugs.

The proposed rules will affect approximately 12,000 HIRSP policyholders statewide.

The HIRSP Board of Governors on September 13, 2001, approved the coinsurance rate and out-of-pocket limits established in these rules, as required by s. 149.14 (5) (e) Stats., as amended by 2001 Wisconsin Act 16 and s. 149.146 (2) (am) 5, Stats., as created by 2001 Wisconsin Act 16.

ORDER

Pursuant to authority vested in the Department of Health and Family Services under s. 149.14 (5) (e), Stats., as amended by 2001 Wisconsin Act 16, and s. 149.146 (2) (am) 5., Stats., as created by 2001 Wisconsin Act 16 and s. 227.11 (2), Stats., the Department of Health and Family Services hereby creates rules interpreting s. 149.14 (5) (e) and s. 149.146 (2) (am) 5., Stats., as created and amended by 2001 Wisconsin Act 16 as follows:

SECTION 1. HFS 119.07 (6m) and table are created to read:

HFS 119.07 (6m) PRESCRIPTION DRUG COINSURANCE COVERAGE. (a) Effective January 1, 2002, a policyholder shall pay a 20% coinsurance, based on the HIRSP allowed amount for each prescription drug, up to a maximum of \$25 per prescription.

(b) Effective January 1, 2002, a policyholder may not be required to pay more than the maximum out-of-pocket amount for each prescription cost specified in par. (a) or more than the policyholder's annual out-of-pocket limit specified in table HFS 119.07(6m).

(c) Insulin and disposable medical supplies for the treatment of diabetes are subject to the coinsurance specified in pars. (a) and (b).

(d) This subsection does not apply to a policyholder for which HIRSP is a secondary payer.

(e) Any coinsurance paid under this subsection is separate from and does not count toward the deductible and covered costs not paid by the plan under ss. 149.14(5)(a) to (c), and 149.146(2)(am)1. to 3. Stats.

TABLE HFS 119.07(6m)

**POLICYHOLDER'S DRUG COINSURANCE
ANNUAL OUT- OF- POCKET MAXIMUM**

| PLAN | IF POLICY-HOLDER'S MEDICAL DEDUCTIBLE IS: | POLICY-HOLDER'S DRUG COINSURANCE ANNUAL OUT-OF- POCKET MAXIMUM IS: |
|------------------|--|---|
| PLAN 1, Option A | \$1,000 | \$750 |
| | \$800 | \$600 |
| | \$700 | \$525 |
| | \$600 | \$450 |
| | \$500 | \$375 |
| PLAN 1, Option B | \$2,500 | \$1,000 |
| PLAN 2 | \$500 | \$125 |

The rules contained in this order shall take effect the first day of the month following publication in the Wisconsin Administrative Register, as provided in s. 227.22(2), Stats.

Wisconsin Department of Health and
Family Services

Dated: April 12, 2002

By: _____
Phyllis J. Dubé
Secretary

SEAL: