~~PROPOSED~~ ORDER OF THE
DEPARTMENT OF HEALTH AND FAMILY SERVICES
AMENDING RULES

To amend HFS 119.07 (6) (b) to (d) and 119.15 (2) and (3) relating to operation of the health insurance risk-sharing plan (HIRSP).

Analysis Prepared by the Department of Health and Family Services

Statute interpreted: The rule interprets ss. 149.14 (5m), 149.142, 149.143, 149.146, and 149.165, Stats.

Statutory authority: The department's authority to amend these rules is found in ss. 149.143 (2) (a) 2., 3., and 4., ~~and (3),~~ ~~and (3),~~ Stats., and 227.11 (2) Stats.

Explanation of agency authority: Pursuant to s. 149.143 (2) (a) 2.,3., and 4., Stats., the Department is required to set HIRSP premium plan rates for the new year, insurer assessment rates and provider payment rates. HIRSP policyholder premium rates must fund sixty percent of plan costs. The remaining funding for HIRSP is to be provided by insurer assessments and adjustments to provider payment rates, in co-equal twenty percent amounts.

Related statute or rule: 149.14(5m), 149.142, 149.143 (2) (a) 2. 3., and 4., 149.146, and 149.165, Stats.

Plain language analysis:

The State of Wisconsin in 1981 established a Health Insurance Risk-Sharing Plan (HIRSP). HIRSP provides major medical health insurance for persons who are covered under Medicare because they are disabled, persons who have tested positive for HIV, and persons who have been refused coverage or who cannot get coverage at an affordable price in the private health insurance market because of their mental or physical health conditions. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage (called creditable coverage) for at least 18 months in the past. According to state law, HIRSP policyholder premium rates must fund sixty percent of plan costs. The remaining funding for HIRSP is to be provided by insurer assessments and adjustments to provider payment rates, in co-equal twenty percent amounts.

HIRSP Plan 1 is for policyholders that do not have Medicare. Ninety percent of the 17,669 HIRSP policies in effect in February 2004 were of the Plan 1 type. Plan 1 has Option A ($1,000 deductible) or Option B ($2,500 deductible). The rates for Plan 1 contained in this rulemaking order increase an average of 12.2% for policyholders not receiving a premium reduction. The average rate increase for policyholders receiving a premium reduction is also 12.2%. Rate increases for individual policyholders within Plan 1 range from 9.6% to 13.5%, depending on a policyholder's age, gender, household income, deductible and zone of residence within Wisconsin. Plan 1 rate increases reflect general and industry-wide premium increases and take into account the increase in costs associated with Plan 1 claims.

HIRSP Plan 2 is for persons eligible for Medicare because of a disability or because they become age-eligible for Medicare while enrolled in HIRSP. Plan 2 has a $500 deductible. Ten percent of the 17,669 HIRSP policies in effect in February 2004 were of the Plan 2 type. The rate increases for Plan 2 contained in this rulemaking order increase an average of 18.4%

for policyholders not receiving a premium reduction. The average rate increase for policyholders receiving a premium reduction is also 18.4%. Rate increases for individual policyholders within Plan 2 range from 15.7% to 20.0%, depending on a policyholder's age, gender, household income and zone of residence within Wisconsin. Plan 2 rate increases reflect general and industry-wide cost increases and take into account the increase in costs associated with Plan 2 claims. Plan 2 premiums are also set in accordance with the authority and requirements set out in s. 149.14 (5m), Stats.

Summary of, and comparison with, existing or proposed federal regulation:

There are no existing or proposed federal regulations that address rates or assessments for the HIRSP program.

Comparison with rules in adjacent states:

The State of Michigan does not have a plan or program similar to HIRSP. Illinois, Iowa and Minnesota have programs similar to HIRSP. The State of Illinois has the Comprehensive Health Insurance Program (CHIP). The State of Iowa has the Iowa Comprehensive Health Association (ICHA). The State of Minnesota has the Minnesota Comprehensive Health Association (MCHA). All three states establish premiums. All three states utilize premium income and ancillary funding, e.g., state general revenue and insurer assessments. However, unlike Wisconsin, none of these three states utilize state administrative rules to establish premiums, assessments or other fiscal adjustments and parameters for their programs. Rather, Illinois, Iowa and Minnesota all utilize prescriptive state statutes in order to establish premiums, assessments or other fiscal adjustments and parameters for their programs. The following provides additional information.

Illinois: Contact Thomas Jerkovitz @ 217-782-6333.

The State of Illinois Comprehensive Health Insurance Program (CHIP) is a state health benefits program governed by a 17-member Board of Directors. Premiums charged may currently be set by statute at from 125-150 percent of the average rates charged individuals for comparable major medical coverage by five or more of the largest insurance companies in the individual health insurance market in Illinois. Each of CHIP's benefit plans offers deductible options of $500, $1,000, $1,500, $2,500 or $5,000.

CHIP is funded partly by premiums paid by its participants and, to the extent that premiums do not meet anticipated expenses, CHIP may receive an appropriation from the State's General Revenue Fund. Actuaries help determine the necessary premiums and assessments. CHIP also assesses health insurers doing business in Illinois. Illinois's statutes are prescriptive and are used to determine CHIP premiums and assessments. Therefore, Illinois administrative rules are not used to determine CHIP premium and assessments. CHIP premiums vary depending on one's age, plan and deductible chosen.

Iowa: Contact Rod Turner @ (515) 245-2278 or Angela Birk Boston @ (515) 281-4119.

Iowa maintains a high-risk pool, called the Iowa Comprehensive Health Association (ICHA) to provide insurance for people with expensive health conditions. To buy ICHA coverage, one cannot be eligible to buy a standard or basic individual health plan, Medicare, or Medicaid or have terminated ICHA coverage within the last 12 months. The annual deductible options are $500, $1,000, $1,500 and $2,000. In addition, a person is responsible for a coinsurance charge each time care is received, subject to an out-of-pocket maximum.

ICHA premiums are statutorily set at 150 percent of the average rate charged for comparable coverage by the five insurance companies with the largest health insurance premiums or payment volumes doing business in Iowa. ICHA losses in excess of premiums received are reimbursed by insurers. Iowa statutes are prescriptive and are used to determine ICHA premium and assessments. Therefore, Iowa administrative rules are not used to determine ICHA premiums and assessments. ICHA premiums vary depending on one's age, plan and deductible chosen.

Michigan:

The State of Michigan does not have a plan or program similar to HIRSP.

Minnesota: Contact Ms. Lynn Gruber @ 952-593-9609.

The Minnesota Comprehensive Health Association (MCHA) was established in 1976 by the Minnesota Legislature to offer individual health insurance policies to Minnesota residents who have been turned down for health insurance by the private market, due to pre-existing health conditions. MCHA is sometimes referred to as Minnesota's "high-risk pool" for health insurance, or health insurance of last resort. About 30,000 citizens of Minnesota are insured by MCHA.

MCHA is a non-profit Minnesota corporation organized under Chapter 317 of Minnesota law and regulated by the Minnesota Department of Commerce. A nine-member board of directors provides policy direction to MCHA. The annual deductible options are $500, $1,000, and $2,000. By law, MCHA premiums are statutorily set between 101%-125% of the weighted average for comparable policies. MCHA losses in excess of premiums are reimbursed by insurers. MInnesota statutes are prescriptive and are used to determine ICHA premium and assessments. MCHA is not a state agency and does not have state administrative rules. Therefore, Minnesota administrative rules are not used to determine MCHA premiums and assessments.

Summary of factual data and analytical methodologies:

The Department through this order amends ch. HFS 119 in order to update HIRSP premium rates in accordance with the authority and requirements set out in s. 149.143 (2) (a), Stats. The fiscal adjustments contained in this order were developed by an independent actuarial firm on behalf of HIRSP. These fiscal adjustments have been reviewed by Department staff and approved by the HIRSP Board of Governors. By law, the Board is a diverse body composed of consumers, insurers, health care providers, small business and other affected parties.

The Department is required to set premium rates by rule. HIRSP premium rates must be calculated in accordance with generally accepted actuarial principles. The Department through this order is also adjusting total HIRSP insurer assessments and provider payment rates, in accordance with the authority and requirements set out in s. 149.143 (2) (a) 3. and 4., Stats. With the approval of the HIRSP Board of Governors and as required by statute, the Department reconciled total costs for the HIRSP program for calendar year 2003. The Board of Governors approved a methodology that reconciles the most recent calendar year actual HIRSP program costs, policyholder premiums, insurance assessments and health care provider contributions collected with the statutorily required funding formula.

By statute, the adjustments for the calendar year are to be applied to the next plan year budget beginning July 1, 2004. On April 21, 2004, the HIRSP Board of Governors approved the calendar year 2003 reconciliation process. On April 21, 2004, the Board approved the HIRSP budget for the plan year July 1, 2004 through June 30, 2005.

Analysis and supporting documents used to determine effect on small business or in preparation of economic impact report:

HIRSP program statutes require an assessment of insurers and providers in order to help finance HIRSP. No assessed insurer is a small business as defined in s. 227.114 (1) (a), Stats. However, some health care providers are small businesses. Provider assessments are implemented via a reduced payment to providers for HIRSP services rendered. HIRSP affects small business health care providers by providing them with additional customers and guaranteed payment, including provider payments that are marginally discounted as a result of statutorily required HIRSP assessments. The net fiscal impact of HIRSP on these small business health care providers is unknown.

Anticipated costs incurred by private sector:

The specific entities affected by this rule are HIRSP policyholders, Wisconsin's health insurers, and health care providers who serve HIRSP policyholders. For State Fiscal Year 2005, the required HIRSP insurer assessment is $32,446,282, a decrease of $2,997,827 from SFY 2004. For SFY 2005, the required HIRSP provider contribution is $34,122,977, a decrease of $5,047,376 from SFY 2004. State statutes require HIRSP premiums be established at a level necessary to fund 60% of program costs, but not less than 140% of the industry standard rate. For SFY 2005, the HIRSP policyholders' actuarially ~~required~~ determined premium contribution to fund 60% of program costs is $85,713,933, a decrease of $9,366,073 from SFY 2004.

Although the nominal HIRSP SFY 2005 premium contribution is $85,713,933, the actual amount policyholders will pay is $102,812,878, because statutes require that policyholder premiums be established at not less than 140% of the industry standard rate. A remaining policyholder surplus balance of $17,098,945 will thus be generated by the end of SFY 2005, based on estimates originally made in April 2004. The $17,098,945 consists of the $11,859,597 HIRSP policyholder surplus balance on December 31, 2003, and an estimated SFY 2005 policyholder surplus balance of $5,239,348. ~~Although the total policyholder required amount decreases, this rule increases policyholder premiums in order to comply with the statutory requirements.~~ Plan 1 premiums will increase an average of 12.2% to keep rates at the statutorily-established minimum rate, i.e., 140% of the industry standard rate. Premiums for Plan 2 (the plan for HIRSP policyholders that are also on Medicare) will increase an average of 18.4%, based on the criteria established in statute.

In contrast to insurers and providers, for whom prior year surpluses are used to reduce the actual insurer assessment or provider contribution, surpluses applicable to policyholders may be used only as specified in s. 149.143 (2m) (b), Stats. This involves future HIRSP premium reductions and/or meeting the needs of eligible persons, with the approval of the HIRSP Board, the Department, and the concurrence of the plan actuary. Moderating the rate of future increases in HIRSP premiums is the most likely use of any policyholder surpluses, e.g., limiting future HIRSP premiums to no more than 140% of the industry standard rate.

Regardless, the ending SFY 2005 HIRSP policyholder surplus balance on June 30, 2005, may be significantly less than $17,098,945, given the recent impact of adverse claims

experience and other factors since the original April 2004 budget determination. For example, HIRSP's current surplus balance decreased from $12.7 million in March 2004, to $5.8 million in May 2004, a reduction of $6.9 million in two months. The rule's fiscal estimate contains additional financial information regarding the HIRSP program.

In total fiscal effect, HIRSP has a marginal impact on the private sector. HIRSP offers health insurance to high medically at-risk citizens, at rates subsidized by health care insurers and providers of service. HIRSP has about 17,700 policyholders, or 0.3% of Wisconsin's population of 5.5 million. HIRSP increases the number of Wisconsin citizens with health insurance. Wisconsin citizens are helped because they can obtain otherwise unavailable health insurance coverage. This allows them to improve their health status. Health care insurers find themselves unable to serve this marketplace niche and health care providers receive additional customers. Many states have similar programs including Illinois, Iowa and Minnesota.

Effect on small business:

HIRSP program statutes require an assessment of insurers and providers in order to help finance HIRSP. The rule changes do not affect health insurers who are small businesses as "small business" is defined in s. 227.114 (1) (a), Stats. The rules changes may affect some health care providers that are small businesses. The net fiscal impact of HIRSP on these small health care providers is unknown.

Agency contact person:

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These proposed rules are identical to emergency rules issued by the Department that became effective July 1, 2004.

ORDER

SECTION 1. HFS 119.07 (6) (b) to (d) are amended to read:

HFS 119.07 (6) (b) Annual *premiums for major medical plan policies with standard deductible*. The schedule of annual premiums beginning ~~July 1, 2003~~July 1, 2004, for persons not entitled to a premium reduction under s. 149.165, Stats., is as follows:

MAJOR MEDICAL PLAN – Males

Age Group	Zone 1	Zone 2	Zone 3
0-18	~~$2,232~~2,472	~~$2,016~~2,232	~~$1,800~~1,980
19-24	~~2,232~~2,472	~~2,016~~2,232	~~1,800~~1,980
25-29	~~2,340~~2,604	~~2,100~~2,340	~~1,860~~2,088

30-34	~~2,640~~2,940	~~2,388~~2,652	~~2,112~~2,352
35-39	~~3,072~~3,444	~~2,772~~3,108	~~2,472~~2,760
40-44	~~3,660~~4,128	~~3,288~~3,708	~~2,928~~3,312
45-49	~~4,716~~5,328	~~4,248~~4,800	~~3,780~~4,272
50-54	~~6,312~~7,128	~~5,676~~6,420	~~5,052~~5,700
55-59	~~8,364~~9,396	~~7,524~~8,448	~~6,684~~7,512
60+	~~10,836~~12,084	~~9,744~~10,872	~~8,664~~9,660

MAJOR MEDICAL PLAN – Females

Age Group	Zone 1	Zone 2	Zone 3
0-18	$~~2,232~~2,472	$~~2,016~~2,232	$~~1,800~~1,980
19-24	~~2,844~~3,144	~~2,556~~2,820	~~2,268~~2,520
25-29	~~3,192~~3,516	~~2,868~~3,156	~~2,556~~2,820
30-34	~~3,528~~3,936	~~3,180~~3,528	~~2,820~~3,144
35-39	~~4,032~~4,500	~~3,624~~4,044	~~3,228~~3,600
40-44	~~4,584~~5,172	~~4,128~~4,656	~~3,684~~4,128
45-49	~~5,412~~6,096	~~4,872~~5,496	~~4,332~~4,872
50-54	~~6,480~~7,296	~~5,832~~6,564	~~5,196~~5,844
55-59	~~7,560~~8,520	~~6,804~~7,656	~~6,048~~6,816
60+	~~8,904~~9,984	~~8,016~~8,988	~~7,128~~7,992

MEDICARE PLAN – Males

Age Group	Zone 1	Zone 2	Zone 3
0-18	$~~1,716~~2,004	$~~1,548~~1,800	$~~1,380~~1,596
19-24	~~1,716~~2,004	~~1,548~~1,800	~~1,380~~1,596
25-29	~~1,776~~2,100	~~1,608~~1,884	~~1,428~~1,680
30-34	~~2,016~~2,364	~~1,836~~2,136	~~1,608~~1,896
35-39	~~2,352~~2,772	~~2,112~~2,508	~~1,884~~2,220
40-44	~~2,808~~3,324	~~2,520~~2,988	~~2,232~~2,676
45-49	~~3,612~~4,296	~~3,240~~3,876	~~2,892~~3,444
50-54	~~4,824~~5,748	~~4,332~~5,172	~~3,864~~4,584
55-59	~~6,396~~7,572	~~5,748~~6,816	~~5,112~~6,048
60+	~~8,280~~9,744	~~7,440~~8,772	~~6,624~~7,800

MEDICARE PLAN – Females

Age Group	Zone 1	Zone 2	Zone 3
0-18	$~~1,716~~2,004	$~~1,548~~1,800	$~~1,380~~1,596
19-24	~~2,172~~2,532	~~1,944~~2,268	~~1,728~~2,028
25-29	~~2,436~~2,844	~~2,196~~2,556	~~1,944~~2,268
30-34	~~2,700~~3,180	~~2,424~~2,844	~~2,148~~2,532
35-39	~~3,072~~3,624	~~2,772~~3,264	~~2,472~~2,904
40-44	~~3,516~~4,164	~~3,156~~3,744	~~2,808~~3,324
45-49	~~4,128~~4,920	~~3,732~~4,440	~~3,312~~3,936
50-54	~~4,956~~5,880	~~4,452~~5,292	~~3,960~~4,716
55-59	~~5,784~~6,876	~~5,208~~6,180	~~4,620~~5,496
60+	~~6,804~~8,052	~~6,132~~7,236	~~5,448~~6,456

HFS 119.07 (6) (c) 1. The annual base rates for calculating premium reductions under s. HFS 119.12 that are applicable to standard risks under individual policies providing substantially the same coverage and deductibles as the plan's major medical plan are as follows beginning ~~July 1, 2003~~July 1, 2004:

MAJOR MEDICAL PLAN – Males
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	~~$1,596~~1,764	~~$1,440~~1,596	~~$1,284~~1,416
19-24	~~1,596~~1,764	~~1,440~~1,596	~~1,284~~1,416
25-29	~~1,668~~1,860	~~1,500~~1,668	~~1,332~~1,488
30-34	~~1,884~~2,100	~~1,704~~1,896	~~1,512~~1,680
35-39	~~2,196~~2,460	~~1,980~~2,220	~~1,764~~1,968
40-44	~~2,616~~2,952	~~2,352~~2,652	~~2,088~~2,364
45-49	~~3,372~~3,804	~~3,036~~3,432	~~2,700~~3,048
50-54	~~4,512~~5,088	~~4,056~~4,584	~~3,612~~4,068
55-59	~~5,976~~6,708	~~5,376~~6,036	~~4,776~~5,364
60+	~~7,740~~8,628	~~6,960~~7,764	~~6,192~~6,900

MAJOR MEDICAL PLAN – Females
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	~~$1,596~~1,764	~~$1,440~~1,596	~~$1,284~~1,416
19-24	~~2,028~~2,244	~~1,824~~2,016	~~1,620~~1,800
25-29	~~2,280~~2,508	~~2,052~~2,256	~~1,824~~2,016
30-34	~~2,520~~2,808	~~2,268~~2,520	~~2,016~~2,244
35-39	~~2,880~~3,216	~~2,592~~2,892	~~2,304~~2,568
40-44	~~3,276~~3,696	~~2,952~~3,324	~~2,628~~2,952
45-49	~~3,864~~4,356	~~3,480~~3,924	~~3,096~~3,480
50-54	~~4,632~~5,208	~~4,164~~4,692	~~3,708~~4,176
55-59	~~5,400~~6,084	~~4,860~~5,472	~~4,320~~4,872
60+	~~6,360~~7,128	~~5,724~~6,420	~~5,088~~5,712

HFS 119.07 (6) (c) 2. The annual base rates for calculating premium reductions under s. HFS 119.12 that are applicable to standard risks under individual policies providing substantially the same coverage and deductibles as the plan's medicare plan are as follows beginning ~~July 1, 2003~~July 1, 2004:

MEDICARE PLAN – Males
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	~~$1,224~~1,428	~~$1,104~~1,284	~~$984~~1,140
19-24	~~1,224~~1,428	~~1,104~~1,284	~~984~~1,140
25-29	~~1,272~~1,500	~~1,152~~1,344	~~1,020~~1,200
30-34	~~1,440~~1,692	~~1,308~~1,524	~~1,152~~1,356
35-39	~~1,680~~1,980	~~1,512~~1,788	~~1,344~~1,584
40-44	~~2,004~~2,376	~~1,800~~2,136	~~1,596~~1,908
45-49	~~2,580~~3,072	~~2,316~~2,772	~~2,064~~2,460
50-54	~~3,444~~4,104	~~3,096~~3,696	~~2,760~~3,276

55-59	~~4,572~~5,412	~~4,104~~4,872	~~3,648~~4,320
60+	~~5,916~~6,960	~~5,316~~6,264	~~4,728~~5,568

MEDICARE PLAN – Females
(Base for Reduced Rates)

Age Group	Zone 1	Zone 2	Zone 3
0-18	~~$1,224~~1,428	~~$1,104~~1,284	~~$984~~1,140
19-24	~~1,548~~1,812	~~1,392~~1,620	~~1,236~~1,452
25-29	~~1,740~~2,028	~~1,572~~1,824	~~1,392~~1,620
30-34	~~1,932~~2,268	~~1,728~~2,028	~~1,536~~1,812
35-39	~~2,196~~2,592	~~1,980~~2,328	~~1,764~~2,076
40-44	~~2,508~~2,976	~~2,256~~2,676	~~2,004~~2,376
45-49	~~2,952~~3,516	~~2,664~~3,168	~~2,364~~2,808
50-54	~~3,540~~4,200	~~3,180~~3,780	~~2,832~~3,372
55-59	~~4,128~~4,908	~~3,720~~4,416	~~3,300~~3,924
60+	~~4,860~~5,748	~~4,380~~5,172	~~3,888~~4,608

HFS 119.07 (6) (d) *Annual premiums for major medical plan policies with a $2,500 deductible*. In accordance with s. 149.146, Stats., an alternative plan of health insurance involving major medical expense coverage is established with a $2,500 deductible. After the policyholder satisfies the annual $2,500 deductible, HIRSP will pay 80% of the covered expenses for the next $5,000 of covered expenses. Policyholders are required to pay the remaining 20% as coinsurance, up to an annual individual maximum of $1,000. The annual maximum amount a family with 2 or more alternative plans will be required to pay for covered expenses is $7,000. The schedule of annual premiums for coverage under the alternative plan with a $2,500 deductible is as follows beginning ~~July 1, 2003~~July 1, 2004:

ALTERNATIVE MAJOR MEDICAL PLAN Males

Age Group	Zone 1	Zone 2	Zone 3
0-18	~~$1,608~~1,776	~~$1,452~~1,608	~~$1,296~~1,428
19-24	~~1,608~~1,776	~~1,452~~1,608	~~1,296~~1,428
25-29	~~1,680~~1,872	~~1,512~~1,680	~~1,344~~1,500
30-34	~~1,896~~2,112	~~1,716~~1,908	~~1,524~~1,692
35-39	~~2,208~~2,484	~~1,992~~2,232	~~1,776~~1,992
40-44	~~2,640~~2,976	~~2,364~~2,664	~~2,112~~2,388
45-49	~~3,396~~3,840	~~3,060~~3,456	~~2,724~~3,072
50-54	~~4,548~~5,136	~~4,092~~4,620	~~3,636~~4,104
55-59	~~6,024~~6,768	~~5,412~~6,084	~~4,812~~5,412
60+	~~7,800~~8,700	~~7,020~~7,824	~~6,240~~6,960

ALTERNATIVE MAJOR MEDICAL PLAN Females

Age Group	Zone 1	Zone 2	Zone 3
0-18	~~$1,608~~1,776	~~$1,452~~1,608	~~$1,296~~1,428
19-24	~~2,052~~2,268	~~1,836~~2,028	~~1,632~~1,812
25-29	~~2,304~~2,532	~~2,064~~2,268	~~1,836~~2,028
30-34	~~2,544~~2,832	~~2,292~~2,544	~~2,028~~2,268
35-39	~~2,904~~3,240	~~2,604~~2,916	~~2,328~~2,592
40-44	~~3,300~~3,720	~~2,976~~3,348	~~2,652~~2,976

45-49	~~3,900~~4,392	~~3,504~~3,960	~~3,120~~3,504
50-54	~~4,668~~5,256	~~4,200~~4,728	~~3,744~~4,212
55-59	~~5,448~~6,132	~~4,896~~5,508	~~4,356~~4,908
60+	~~6,408~~7,188	~~5,772~~6,468	~~5,136~~5,760

SECTION 2. HFS 119.15 (2) and (3) are amended to read:

(2) INSURER ASSESSMENTS. The insurer assessments for the time period ~~July 1, 2003 through June 30, 2004 total $35,444,109.~~ July 1, 2004 through June 30, 2005 total $32,446,282.

(3) PROVIDER PAYMENT RATES. The total adjustment to the provider payment rates for the time period ~~July 1, 2003 through June 30, 2004 is $39,170,353.~~ July 1, 2004 through June 30, 2005 is $34,122,977. HIRSP provider payment rates may not exceed charges. Payment rates for prescription drugs are set under s. 49.46(2) (b) 6.h., Stats. Payment rates for hospital inpatient services utilize hospital-specific inpatient rates established under s. 49.46 (2) (b) 6. e., Stats., and HIRSP-specific weights for diagnostically related groups. Payment rates for hospital outpatient services may not exceed ~~58.85%~~61.32% of charges. Payment rates for other professional services including physicians, labs and therapies are set under s. 49.46 (2) (b), Stats., including a ~~34.7%~~40.4% enhancement under s. 149.142 (1) (a), Stats.

The rules contained in this order shall take effect on 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: ~~_____~~September 20, 2004~~_____~~ By: _____

Helene Nelson
Secretary

SEAL: