



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tony Evers, Governor
Mark V. Afable, Commissioner

125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 267-9586 • Fax: (608) 264-6228
oci.wi.gov

Wisconsin.gov

Date: October 17, 2019

To: Representative Kevin Petersen, Chair
Representative Adam Neylon, Vice Chair
Members of the Assembly Committee on Insurance

From: Olivia Hwang, Director of Public Affairs
Richard Wicka, Chief Legal Counsel
Office of the Commissioner of Insurance

Subject: Assembly Bill 550

The Office of the Commissioner of Insurance (OCI) submits the following comments for your consideration in support of Assembly Bill 550 relating to the insurance omnibus bill which contains various technical changes to the insurance statutes. OCI appreciates the Committee's consideration of the proposed changes.

Corporate Governance Annual Disclosure Initial Filing Date Change

The new corporate governance annual disclosure filing requirement was enacted in 2017 WI Act 313. The disclosure filing is a National Association of Insurance Commissioner's accreditation requirement in 2020. The Act currently requires that the first filing be made 60 days after the final rule is promulgated.

This bill would change the first filing date from 60 days after promulgation of the rule to June 1, 2020 ("the first June 1" after the rule is implemented) to allow industry and OCI more time to prepare for the new filing. All subsequent filings will also be required on June 1 of each year.

Fraternal Solvency Revisions

The bill strengthens consumer protection for policyholders of fraternal insurers by giving the Commissioner authority to address financially hazardous fraternal insurers by:

- o Requiring fraternal insurers to submit policyholder assessments to OCI for approval;
- o Giving OCI the authority to facilitate the transfer of policies from a financially hazardous fraternal to another fraternal or insurer;
- o Allowing the Commissioner to place a fraternal into receivership if it refuses to transfer its members or remedy its hazardous condition; and

- o Limiting policyholder assessments for fraternal in liquidation to those needed to satisfy policyholder obligations.

These statutory changes have been requested by the American Fraternal Alliance and the Alliance's Wisconsin domiciled fraternal members who worked with OCI in developing the proposed language.

Injured Patients and Families Compensation Fund

The bill makes the following changes at the request of the Injured Patients and Families Compensation Fund (IPFCF) Board of Governors.

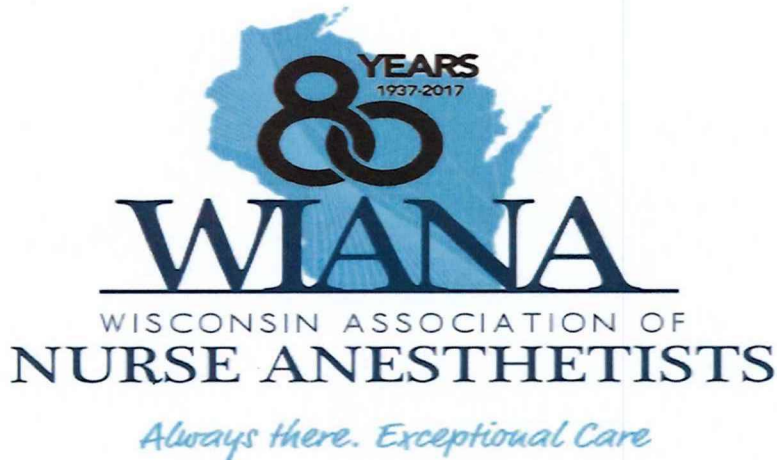
First, the bill allows the IPFCF Audit Committee to establish more than 4 rating classifications. This change will allow the IPFCF Audit Committee to distribute fee assessments in the most equitable manner. For the sake of clarity, the change in risk classifications will not change the total amount of the assessment. It will only change how those fees are allocated between the various practice types.

Second, the bill makes two small changes to the IPFCF Peer Review Council. The bill amends the statutes to make clear that physicians who are licensed and in good standing can participate as members of the Council. As the statute is currently worded, there is some question as to whether retired physicians with active licenses could serve on the Council. The bill also clarifies that the chair of the Peer Review Council may designate another Council member to attend meetings of the Medical Examining Board.

Miscellaneous Provisions

- The bill establishes a deadline of March 31 for service contract providers to submit financial statements to OCI.
- The bill repeals a requirement that surplus line insurers provide a certified copy of their annual report to OCI.
- The bill makes clear that OCI may share information confidentially with other state insurance guarantee funds.

Thank you for your consideration of OCI's comments.



October 17, 2019

To: Assembly Committee on Insurance
Representative Petersen (Chair)
Representative Neylon (Vice-Chair)
Representative Duchow
Representative Jagler
Representative Petryk

Representative Tusler
Representative Tranel
Representative Steffen
Representative August
Representative Stafsholt

Representative Gundrum
Representative Riemer
Representative Doyle
Representative Hesselbein
Representative Stuck
Representative Stubbs

Re: Support for an amendment to Assembly Bill 550

Chairman Petersen and members of the committee, my name is Hiram Moretta. I am the current Secretary of the Board of Directors for the Wisconsin Association of Nurse Anesthetists (WIANA). Thank you for the opportunity to speak today and for your consideration of a simple amendment to the bill.

The Injured Patients and Families Compensation Fund (IPFCF) provides excess medical malpractice coverage to Wisconsin health care providers. Nurse Anesthetists or Certified Registered Nurse Anesthetists (CRNAs) are required to participate in the fund and have been paying into the IPFCF since its inception in our state. CRNAs have also played an important role on the IPFCF peer review council over many years. The peer review council has the statutory duty to review each claim paid by the fund arising from care by a health care provider or employee of the health care provider. The peer review council determines whether the provider has met the appropriate standard of care and makes recommendations based upon that review, including recommendations to the Insurance Commissioner and IPFCF Board of Governors regarding adjustments to be made to fund fees assessed against the provider based on the paid claim.

State law currently requires that if a claim was paid for damages arising out of the care of a CRNA, then the peer review council is required to consult with a CRNA. Although CRNAs have served on the peer review council in the past, no seat on the peer review council is dedicated to a CRNA.

On behalf of WIANA, we would propose amending AB 550 to clarify that one of the five seats of the peer review council must be occupied by a CRNA. Again, thank you for your time and I would be happy to answer any questions that you may have.

Sincerely,

Hiram Moretta, Secretary
Wisconsin Association of Nurse Anesthetists