State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, *Governor*
Theodore K. Nickel*, Commissioner*

Wisconsin.gov

125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: ociinformation@wisconsin.gov
Web Address: oci.wi.gov

October 25, 2011

Honorable Kathleen Sebelius, Secretary
Department of Health and Human Services
Office of Consumer Information and Insurance Oversight
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius,

Pursuant to Section 2718 of the Public Health Service Act, I request an adjustment to the 80% medical loss ratio requirement for the Wisconsin individual health insurance market. Specifically, in the interest of maintaining one of the most competitive health insurance markets in the country, I request approval of a three year MLR phase-in of 71% for 2011, 74% for 2012 and 77% for 2013. The 71% starting point in 2011 reflects the current environment and increases the MLR in 3% increments each year through 2014. Without this adjustment, there is a reasonable likelihood that market destabilization and, thus, harm to consumers will occur.

There are currently twenty-four insurers actively writing in the Wisconsin individual market and thirty-two in the small group market. Neither market is dominated by one insurer. The top ten insurers in the individual market insure approximately 84% of the market and the top ten in the small group market insure 79% of the market. A competitive market is a critical factor in keeping coverage affordable and ensuring a significant level of choice for consumers in purchasing a health plan that is best suited to meet their needs.

In 2010, six insurers representing 35% of the individual market and 68,310 covering lives had MLRs that fell below 80%. We are concerned that if any of these six insurers that represent 35% of the health insurance market withdraw or severely curtail their coverage in the State, Wisconsin's competitive health insurance market will be negatively impacted. We are also concerned and note that eight insurers (5 of whom have loss ratios at 80 percent or above) are showing net underwriting losses in the individual market, and six insurers are showing underwriting losses over all lines of business. If not phased in over a three year period, the current MLR requirement will further challenge insurers to make significant and potentially inappropriate cuts in their expense structures in order to remain in business. Some will seek quick solutions such as flat or reduced commissions; modified pricing, services, or products; and

changes in target markets or marketing practices. Others will have no choice but to leave the Wisconsin market altogether because the prospect of rebates will cause underwriting, liquidity and solvency concerns.

Insurers have already begun to reduce agent commissions, resulting in agent businesses becoming less profitable and agents leaving the market. Agents provide an essential service that benefit the market as a whole. Not only are agents knowledgeable experts who help individuals select the best policy for their needs, but they are a continuing source of advice and guidance throughout the life of an enrollee's policy. Insurers, as well as agents, need a transition period to the 80% MLR standard in order to adjust their business models to the new standards in order to avoid market and service disruption to both individuals and the market as a whole.

As companies leave and the checks and balances of a competitive market begin to wane, the individual market will become destabilized and consumers will lose access to meaningful choices and affordable coverage. The bottom line is, consumers will be displaced and forced to pay more for new coverage in a market with fewer options. Alternatives for consumers with health conditions are further reduced to the state high-risk pool or an unaffordable, private health care plan.

It is clear that health insurers participating in the Wisconsin market face numerous obstacles in meeting the required 80% MLR. Each has its own set of consequences, but collectively results in a substantially negative impact to our competitive marketplace. Approval of the requested phase-in will alleviate some of the pressure, allowing insurers time to adjust and plan for the 80% MLR requirement.

Please find a detailed description of the Wisconsin market and the information requested in 45 C.F.R. § 158.321–158.323 in Appendices I, II & III.

In order to provide an adequate transition period that will provide individual health insurers and consumers in Wisconsin a stable, competitive market, I respectfully request that you approve the proposed MLR transition plan of 71% for 2011, 74% for 2012 and 77% for 2013.

Thank you in advance for your consideration of this request.

Sincerely,

Theodore K. Nickel
Commissioner

APPENDIX I:

Discussion of Wisconsin Market and Relevant Criteria for Adjustment

Characteristics of the Wisconsin Individual Health Insurance Market

In Wisconsin, approximately 184,000 residents have health insurance coverage through an individual health insurance policy. Like many other states, most enrollees are covered by a limited number of issuers with the remaining issuers covering niche or regional markets. The following table shows the number of enrollees and market share for the top ten issuers.

Largest Individual Health Insurance Issuers

COMPANY NAME	Market Share*	Covered Lives
Wisconsin Physicians Serv Ins Corp	14.84%	31,530
Golden Rule Ins Co	13.04%	28,195
BCBS of WI	11.44%	15,857
Time Ins Co	10.68%	17,812
Compcare Health Serv Ins Corp	10.04%	21,024
Humana Ins Co	7.42%	15,527
Dean Health Plan Inc	5.77%	11,771
Security Health Plan	4.66%	7,914
American Family Mut Ins Co	3.78%	4,995
WPS Health Plan Inc	2.66%	7,375
Subtotal Top Ten Writers	**84.32%**	**162,000**
Total - All Writers	**100.00%**	**183,878**

Source: 2010 Supplemental Health Care Exhibit
* Calculated using premium totals for all insurers filing the Supplemental Health Care Exhibit for Wisconsin business with the NAIC

Regulatory Criteria for Adjustment

Title 45 C.F.R. § 158.330 lists six criteria that the Secretary may consider "in assessing whether application of an 80 percent MLR...may destabilize the individual market in a State." In an effort to better organize the issues facing the state of Wisconsin with regard to the new federal MLR regulations, we have described below the characteristics of the market leading to the State of Wisconsin Office of the Commissioner of Insurance's ("OCI") decision to request an adjustment for Wisconsin.

Impact of Federal MLR Standard on Profitability and Solvency, Relative MLRs

Of great concern is the magnitude of the indicated rebates for 2011-2013 under the federa1 80% MLR standard. Prior to 2011, commercial insurers in Wisconsin were not subject to minimum MLR requirements. Profitability, solvency, reasonable rates, growth, and consumer options have been effectively maintained through Wisconsin's preservation of a competitive individual health insurance market, negating the need for extensive regulatory intervention. Therefore, the sudden change to an 80% MLR is significant for these insurers. The following table shows the adjusted MLR for companies falling below the required 80% MLR.

Medical Loss Ratios – Companies Falling Below 80%

COMPANY NAME	MLR	Credibility Factor	Adjusted MLR
Mega Life & Health Ins Co The	72.3%	5.2%	77.5%
Humana Ins Co	72.9%	2.6%	75.5%
American Republic Insurance	69.38%	5.2%	74.6%
Golden Rule Ins Co	71.5%	2.6%	74.1%
World Insurance Co	65.0%	8.3%	73.3%
Time Ins Co	70.0%	2.6%	72.6%
Total - All Writers	78.1%		

Source: 2010 Supplemental Health Care Exhibit

Absent an adjustment to the federal MLR standard, these companies may be forced to take unreasonable or inappropriate measures in order to maintain their financial stability. These measures would include significantly reducing non-claim related variable expenses to the detriment of their customers or producers, or lowering premium. Many of these companies will have difficulty, however, taking these measures. Given that a significant component of non-claim related expenses are sales and marketing related, most insurers will attempt to achieve profitability through reductions in agent compensation. Some will employ soft exit strategies such as modified pricing, services, or products and changes in target markets or marketing practices. Despite these options, some companies will be forced to take more drastic measures such as exiting from the Wisconsin market altogether; as we have already seen with two companies. As a result, there is a real potential that 68,310 Wisconsin lives will be displaced and forced into a market with fewer affordable health insurance coverage options.

Number of Issuers Reasonably Likely to Exit the State, Cessation of Coverage, Impact on Competition

Companies, for a variety of proprietary reasons and because of public disclosure requirements, will not provide advance information that they may be contemplating an exit from the Wisconsin market. However, given the magnitude and number of potential rebates, OCI is concerned about the impact that these rebates will have on maintaining competition in the Wisconsin market. This is of particular concern because a competitive insurance market is the cornerstone of Wisconsin's rate regulation in the individual Wisconsin market and critical to continued access to affordable coverage and consumer choice.

OCI's concern regarding the impact of potential rebates is further validated by company public SEC filings. Companies with a significant presence in Wisconsin have made statements in these SEC filings indicating that the 80% MLR standard could significantly destabilize operations and competitor behavior and, in conjunction with other pre-2014 health care reforms, could also cause meaningful disruption in local healthcare markets. Additionally, Wisconsin's health insurance market has already experienced the recent loss of two companies. First, Consumers Life Insurance Company decided to exit the Wisconsin market, effective on January 1, 2012. Consumers Life's withdrawal represents a loss of 78 individual policies. Second, American Community Mutual left the market in April, leaving 623 individual policyholders to seek new coverage.

While Wisconsin has a diverse individual health insurance market as a whole, individual insurers tend to provide limited comparable products and serve specific populations in specific areas. As a result,

the loss of any additional insurers, or cessation of their respective products, will result in more limited coverage in comparable products, services, and geographic areas. For example, some companies target lower-income populations by offering low-cost coverage and rate guarantees. Premium savings are achieved through widespread provider networks, product offerings or high deductable policies. Some are consumer driven plans, designed to work in conjunction with Health Savings Accounts ("HSAs") and Health Incentive Accounts ("HIAs"). Some are focused on a temporary insurance market. Some compete as Health Maintenance Organization ("HMO") plans in more localized markets. A company with a large share of the Wisconsin individual health insurance market is a not for profit organization also providing claims processing services under various U.S. government contracts, including contracts with the Department of Defense and CMS. This company provides a unique individual health insurance product aimed at early retirees before they qualify for Medicare.

In addition, Wisconsin rural areas and other medically underserved populations face limited choices and barriers to accessing affordable heath care. In many Wisconsin rural communities there are limited health insurers offering comparable access to affordable, local health care coverage, than on a state-wide basis. Some local insurance markets are therefore more concentrated being served by fewer insurers than on a state-wide basis. These communities are especially vulnerable to changes in market conditions.

The importance of protecting these consumers cannot be determined by simply focusing on state-wide statistics. On a state-wide level Wisconsin does have a significant number of insurers; however, on a more localized geographic services area level, comparable insurers are smaller in terms of numbers, products and services, and markets are more at risk because they are more concentrated.

Withdrawal Requirements and Limitations

Wisconsin requirements with respect to withdrawals from the State's individual health insurance market are:

1. Notice. Insurers may withdraw and discontinue offering individual health benefit plan coverage in the state if the insurer provides notice of discontinuance to the commissioner and association (if applicable) at least 180 days before the date on which the coverage will be discontinued. Wis. Stat. § 632.7495(3)(b). Notice requirements for eligibility for the Wisconsin Health Insurance Risk Sharing Plan ("HIRSP") are provided in Wis. Stat. § 632.785. Wisconsin OCI tracks individual, small and large group market withdrawals.

Insurers are also required to provide notice if they cease to offer a particular individual health benefit plan coverage under Wis. Stat. § 632.7495(3)(a). The insurer must provide notice of discontinuance to each individual at least 90 days prior to discontinuance and offer a replacement plan, if available.

2. Withdrawal Plan. Wisconsin issuers are not required to file a withdrawal plan to exit the individual market.

3. Continuing Coverage. There is no regulatory requirement for an exiting insurer to provide continuing coverage or legal authority whereby Wisconsin can require replacement of policies by other issuers before an insurer withdraws from the individual market. Policyholders would need to obtain their own replacement or forgo coverage.

4. Penalties, Sanctions. Wisconsin has no penalties or sanctions levied because of exit of an insurer from the individual market.

5. Limitations on Re-entry. State regulatory limitations on re-entry are contained in Wis. Stat. § 632.7495(3)(b)(3), which prohibit an insurer for issuing health benefit plan coverage before 5 years

after the day on which the last individual health benefit plan coverage is discontinued and contains no provision to waive for good or other cause.

Enrollee Impact of Exiting (Exited) Companies

As referenced earlier, Wisconsin citizens have already experienced the negative impact and market disruption of the new MLR standard. Because of the exits of both Consumers Life Insurance Company and American Community Mutual, over 700 individuals have been forced to seek new coverage.

Business commitments made prior to the passage of PPACA are complicating factors that will negatively impact insurers ability to meet the required 80%. As companies struggle to meet the 80% MLR standard and begin to non-renew policies or leave the market altogether, these consumers will be forced to seek new coverage in a market with fewer plan options. At this time, there are an estimated 68,310 covered lives at risk of losing their coverage. The proposed phased in approach will allow these companies to gradually adjust their business plans over the next few years so they are able to meet the 80% MLR standard by 2014.

While it is critical to discuss the impact of exiting companies, it is equally as important to discuss the negative impact the 80% MLR will have on companies entering the market. New companies and companies looking to expand by entering a state's health insurance market face significant costs that already active companies do not incur. Acquisition costs and administration costs are higher in the first years of operation, and imposing a standard that a new or expanding company can use no more than 20% of its premium for necessary investments in its growing business is a strong disincentive to even begin selling in that market. The current loss ratio rules are also crafted without consideration to a lifetime loss ratio but rather a yearly average eventually moving to a three year rolling average. The loss ratio rules do allow for creditability adjustments for very small insurers, but they do not allow for significant experience nationally. The net result is that new market entrants will be required to price for abnormally low first year loss ratios (due to high acquisition expenses and a significant normal lag in first year claims) which will result in extremely high rate increases in later years as their experience normalizes. The result of imposing such a standard would be fewer choices for Wisconsin consumers.

Access to Agents and Brokers

In order to guarantee that consumers have adequate access to the services agents provide, issuers have to maintain competitive commission rates to retain and attract qualified agents. Despite early considerations to treat agent commission as a pass-through, HHS requires that it be counted as an administrative cost in an insurer's MLR calculation. As a result, agent commissions are a prime target for issuers looking for ways to reduce their administrative costs. In fact, a July 2011 United States Government Accountability Office study found that "almost all" of the companies studied were decreasing or were planning to decrease agent commissions in their efforts to comply with the PPACA MLR standard. A reduction in agent commissions makes an agent's business less profitable and forces agents to leave the market. This negatively affects consumer access to agents and an agent's ability to offer the level of services consumers need.

Agents provide an essential service that benefit the market as a whole. Not only are agents knowledgeable experts who help individuals select the best policy for their needs, but they are a continuing source of advice and guidance throughout the life of an enrollee's policy. From a regulatory perspective, agents are often the first to inform OCI of consumer protection and claims payment issues. A significant reduction in the number of agents as a result of the 80% MLR standard would be a detriment to both consumers and the market as a whole.

The requested MLR adjustment would allow both insurers and agents necessary time to adapt their business models for a higher MLR standard. Insurers could continue to pay competitive commission rates in the near term, and agents would have time to make changes to how they do business for the longer term. Requiring insurers to immediately meet a higher MLR standard, however, has and will continue to force them to reduce agent commissions, and these reductions will ultimately limit the amount of access Wisconsin consumers have to agents.

Alternate Coverage Options

The only alternative coverage options in place are the state and federal high risk pools, offered through the Health Insurance Risk-Sharing Plan Authority. The HIRSP Authority established under Wis. Stat. § 149 provides medical and prescription drug insurance for certain eligible Wisconsin residents who cannot obtain coverage in the commercial individual health insurance market because of adverse health conditions.

HIRSP is Wisconsin's plan to meet federal Health Insurance Portability and Accountability Act ("HIPAA") under Title XXII, P.L. 104-191 and to provide health insurance to individuals who lose employer-sponsored group health insurance. Certain Wisconsin residents may participate in a State High Risk Insurance Pool through the HIRSP Authority. Total enrollment in HIRSP was 18,965 in 2010, with specific plan enrollment as noted on the table below. This increased to 21,002 policyholders as of August 31, 2011. The majority of new enrollment for the first six months of 2011 is in the HIRSP 5000 high deductible, low premium plan.

State-Based HIRSP Plan Enrollment
As of December 31, 2010, Present

Plan	Plan Description	2010 Enrollment		2011 Enrollment	
		Total	%	Total	%
HIRSP 1,000	Low deductible, high premium	1,632	8.6%	1,383	6.6
HIRSP 2,500	Moderate deductible and premium	8,408	44.3	8,517	40.6
HIRSP 5,000	High deductible, low premium	6,685	35.3	8,422	40.1
HIRSP HSA 2,500	Qualifies to open HSA	421	2.2	742	3.5
HIRSP HSA 3,500	Qualifies to open HSA	800	4.2	844	4.0
HIRSP Med Supp	For disabled under 65 in Medicare	1,019	5.4	1,094	5.2
Total		**18,965**	**100%**	**21,002**	**100%**

Limitations on eligibility for enrollment include requirements that Wisconsin residents are not eligible for employer-sponsored group health insurance, Medicaid or BadgerCare Plus, and meet specified criteria regarding medical condition or loss of employer-sponsored coverage and other eligibility requirements in Wis. Stat. § 149.12. No person who voluntarily terminates coverage is again eligible for coverage unless 12 months have elapsed (except for those covered by Medicaid).

Gross premium costs are typically $419.75 per member per month. Limited subsidies are available for annual household incomes below certain thresholds, presently $33,999. As of December 31 2010, 26.6% of policyholders received subsidies.

As a result of an unexpected increase in large medical claims and prescription drug costs, premium rates for HIRSP policyholders increased 15% for all plans (excluding Medicare supplemental plan) effective July 1, 2011. Premiums will increase on all plans 9% effective January 1, 2012. Changes in benefit levels, deductibles, copayments, coinsurance, exclusions and limits are generally reflective of

the private individual market in Wisconsin. Compared to the Wisconsin industry standard, however, HIRSP premiums have been, in general, more expensive for new enrollees. The table below shows that HIRSP premiums as a percentage of the Wisconsin industry standard both as of January 1, 2011 and July 1, 2011.

HIRSP Plan	New Issue HIRSP Premium as a Percentage of the Wisconsin Industry Standard	
	As of January 1, 2011	As of July 1, 2011
HIRSP 1000	155.70%	179.10%
HIRSP 2500	108.70%	125.00%
HIRSP 2500 (HSA)	102.00%	117.30%
HIRSP 3500 (HSA)	102.30%	117.60%
HIRSP 5000	94.30%	108.40%
Medical Composite	**109.60%**	**126.10%**

Source: HIRSP Authority

In the case that individuals are forced to find alternative coverage through HIRSP plans as a result of insurers leaving the Wisconsin market, those individuals would be new enrollees and may very well see their health insurance premiums increase.

HIRSP also operates a Federal temporary high-risk insurance pool under Section 1101 of Title I of PPACA, under contract with HHS, for individuals who are uninsured because of pre-existing medical conditions. The HIRSP Federal Plan had enrolled 307 policyholders by the end of 2010, and as of August 31, 2011 has 768 enrollees.

Additional information on HIRSP premium levels, deductibles, co-insurance and maximum out of pocket cost levels is attached as Appendix III. Federal regulations prohibit the HIRSP Federal Plan from providing subsidies for low-income participants. Many displaced consumers are not eligible due to Federal program participation requirements.

Impact on Premiums, Benefits and Cost-Sharing of Remaining Issuers

Given that companies are reluctant to indicate whether they may leave the market, it is difficult to speculate how one company's withdrawal might affect the market in general, in geographic locality, or for specialized populations, let alone quantify the negative impact there may be on premiums, benefits, or cost-sharing among remaining issuers.

Other Relevant Information, Competition in Wisconsin's Individual Market

Wisconsin has long benefited from one of the most competitive and healthy individual health insurance markets in the country. OCI regulates rates in the individual market applying a statutory presumption that rates are not excessive where and because price competition exists at the consumer level. Maintaining this competitive market is a critical factor in keeping coverage affordable and

ensuring a significant level of choice for consumers in purchasing a health plan that is best suited to meet their needs.

Wisconsin is requesting a phase-in adjustment because the immediate introduction of the 80% MLR requirement will destabilize the individual market in Wisconsin. OCI is concerned that insurers will make detrimental reductions in their expense structure, product and service offerings in local markets, or be drawn to other quick solutions. It is clear that health insurers participating in the Wisconsin market face numerous obstacles in meeting the required 80% MLR. Each has its own set of consequences, but collectively results in a substantially negative impact to our competitive marketplace and thereby its consumers. The consequences are particularly destructive in more localized individual health insurance markets and underserved populations, as well as having a negative systemic impact.

Wisconsin's functioning and successful health insurance market should not be adversely affected by the immediate implementation of a significant MLR requirement that was not present prior to the enactment of PPACA. To that end, we respectfully request that HHS allow Wisconsin's individual health insurers a 3-year transition period to 2014 to meet the 80% MLR requirement as outlined in this request.

APPENDIX II:

Requested Information per 45 C.F.R. § 158.321–158.323 on Wisconsin's Individual Health Insurance Market

---

§ 158.321 Information regarding the State's individual health insurance market

(a) State MLR standard. The State must describe its current MLR standard for the individual market, if any, and the formula used to assess compliance with such standard.

Wisconsin does not have a state MLR standard.

(b) State market withdrawal requirements. The State must describe any requirements it has with respect to withdrawals from the State's individual health insurance market. Such requirements include, but are not limited to, any notice that must be provided and any authority the State regulator may have to approve a withdrawal plan or ensure that enrollees of the exiting issuer have continuing coverage, as well as any penalties or sanctions that may be levied upon exit or limitations on re-entry.

Wisconsin requirements with respect to withdrawals from the State's individual health insurance market are:

1. Notice. Insurers may withdraw and discontinue offering individual health benefit plan coverage in the state if the insurer provides notice of discontinuance to the commissioner and association (if applicable) at least 180 days before the date on which the coverage will be discontinued. Wis. Stat. § 632.7495(3)(b). Notice requirements for eligibility for the Wisconsin Health Insurance Risk Sharing Plan ("HIRSP") are provided in Wis. Stat. § 632.785. Wisconsin OCI tracks individual, small and large group market withdrawals.

Insurers are also required to provide notice if the insurer is ceasing to offer a particular type of individual health benefit plan coverage under Wis. Stat. § 632.7495(3)(a). The insurer must provide notice of discontinuance to each individual at least 90 days prior to discontinuance and offer its other available insurer replacement plans.

2. Withdrawal Plan. Wisconsin issuers are not required to file a withdrawal plan to exit the individual market.

3. Continuing Coverage. There is no regulatory requirement for an exiting insurer to provide continuing coverage or legal authority whereby Wisconsin can require replacement of policies by other issuers before an insurer withdraws from the individual market. Policyholders would need to obtain their own replacement or forgo coverage.

4. Penalties, Sanctions. Wisconsin has no penalties or sanctions levied because of exit of an insurer from the individual market.

5. Limitations on Re-entry. State regulatory limitations on re-entry are contained in Wis. Stat. § 632.7495(3)(b)(3), which prohibit an insurer for issuing health benefit plan coverage before 5 years after the day on which the last individual health benefit plan coverage is discontinued and contains no provision to waive for good or other cause.

(c) Mechanisms to provide options to consumers. The State must describe the mechanisms available to the State to provide consumers with options in the event an issuer withdraws from the individual market. Such mechanisms include, but are not limited to, a guaranteed issue requirement, limits on health status rating, an issuer of last resort, or a State operated high risk pool. A description of each mechanism should include detail on the issuers participating in and products available under such mechanism, as well as any limitations with respect to eligibility, enrollment period, total enrollment, and coverage for pre-existing conditions.

The only mechanism in place is the state and federal high risk pools, offered through the Health Insurance Risk-Sharing Plan Authority. The HIRSP Authority established under Wis. Stat. § 149 provides medical and prescription drug insurance for certain eligible Wisconsin residents who cannot obtain coverage in the commercial individual health insurance market because of adverse health conditions.

HIRSP is Wisconsin's plan to meet federal Health Insurance Portability and Accountability Act ("HIPAA") under Title XXII, P.L. 104-191 and to provide health insurance to individuals who lose employer-sponsored group health insurance. Certain Wisconsin residents may participate in a State High Risk Insurance Pool through the HIRSP Authority. Total enrollment in HIRSP was 18,965 in 2010, with specific plan enrollment as noted on the table below. This increased to 21,002 policyholders as of August 31, 2011. The majority of new enrollment for the first six months of 2011 is in the HIRSP 5000 high deductible, low premium plan.

State-Based HIRSP Plan Enrollment
As of December 31, 2010, Present

Plan	Plan Description	2010 Enrollment		2011 Enrollment	
		Total	%	Total	%
HIRSP 1,000	Low deductible, high premium	1,632	8.6%	1,383	6.6
HIRSP 2,500	Moderate deductible and premium	8,408	44.3	8,517	40.6
HIRSP 5,000	High deductible, low premium	6,685	35.3	8,422	40.1
HIRSP HSA 2,500	Qualifies to open HSA	421	2.2	742	3.5
HIRSP HSA 3,500	Qualifies to open HSA	800	4.2	844	4.0
HIRSP Med Supp	For disabled under 65 in Medicare	1,019	5.4	1,094	5.2
Total		**18,965**	**100%**	**21,002**	**100%**

Limitations on eligibility for enrollment include requirements that Wisconsin residents are not eligible for employer-sponsored group health insurance, Medicaid or BadgerCare Plus, and meet specified criteria regarding medical condition or loss of employer-sponsored coverage and other eligibility requirements in Wis. Stat. § 149.12. No person who voluntarily terminates coverage is again eligible for coverage unless 12 months have elapsed (except for those covered by Medicaid).

Gross premium costs are typically $419.75 per member per month. Limited subsidies are available for annual household incomes below thresholds, presently $33,999. As of December 31 2010, 26.6% of policyholders received subsidies.

As a result of an unexpected increase in large medical claims and prescription drug costs, premium rates for HIRSP policyholders increased 15% for all plans (excluding Medicare supplemental plan) effective July 1, 2011. Premiums will increase on all plans 9% effective January 1, 2012. Changes in

benefit levels, deductibles, copayments, coinsurance, exclusions and limits are generally reflective of the private individual market in Wisconsin.

HIRSP also operates a Federal temporary high-risk insurance pool under Section 1101 of Title I of PPACA, under contract with HHS, for individuals who are uninsured because of pre-existing medical conditions. The HIRSP Federal Plan had enrolled 307 policyholders by the end of 2010, and as of August 31, 2011 has 768 enrollees.

Additional information on HIRSP premium levels, deductibles, co-insurance and maximum out of pocket cost levels is attached as Appendix III. Federal regulations prohibit the HIRSP Federal Plan from providing subsidies for low-income participants. Many displaced consumers are not eligible due to Federal program participation requirements.

(d) Issuers in the State's individual market. Subject to § 158.320 of this subpart, the State must provide:

(1) For each issuer who offers coverage in the individual market in the State, its number of individual enrollees by product, available individual premium data by product, and individual health insurance market share within the State;

Available Market Share, Enrollee, and Premium Data by Product for Wisconsin Individual Market Issuers Reporting Such Data*

Company Name	Market Share	Product	No. of Enrollees	2010 Premium
Wisconsin Physicians Service Ins Corp	14.84%	PPO	19,182	$38,890,340
		HSA	13,803	$23,290,225
Golden Rule Ins Co	13.04%	PPO	28,952	$62,229,511
Blue Cross Blue Shield of Wisconsin	11.44%	PPO	11,434	$49,219,509
		Indemnity	17	$507,008
		HAS	1,755	$3,051,576
Compcare Health Services Ins Corp	10.04	POS	9,135	$15,844,808
		HSA	11,700	$30,200,596
Humana Ins Co	7.42%	PPO	6,673	$16,926,765
		High Deductible PPO	3,406	$12,367,641
Dean Health Plan	5.77%	HMO	13,231	$22,244,659
Security Health Plan	4.66%	HMO	6,472	$18,140,689
		High Deductible HMO	1,736	$3,475,204
WPS Health Plan	2.66%	Information Unavailable	N/A	N/A
Group Health Co-Op of South Central WI	1.70%	HMO	1,512	$5,852,576
		High Deductible HMO	290	$813,228
New York Life Ins Co	1.23%	Information Unavailable	N/A	N/A
Physicians Plus Ins Corp	1.17%	HMO	1,568	$4,814,524
		High Deductible HMO	378	$589,220

American Republic Ins Co	1.35%	Information Unavailable	N/A	N/A
Unity Health Plans Ins Corp	0.94%	HMO	1,131	$4,855,518

Source: 2010 Supplemental Health Care Exhibit

****The information reported in this table represents a preliminary compilation of data reported on a 2011 survey performed by OCI. The OCI is still refining and validating the survey data received and awaiting receipt of data from a number of carriers, therefore the information reported on the table will likely change.***

Share of Wisconsin Individual Health Insurance Market, Adjusted Premiums, and Total Covered Lives per Issuer (All Issuers)

Company Name	Market Share	Adjusted Premium	Covered Lives
Wisconsin Physicians Serv Ins Corp	14.84%	68,191,632	31,530
Golden Rule Ins Co	13.04%	59,955,080	28,195
BCBS of WI	11.44%	52,571,868	15,857
Time Ins Co	10.68%	49,077,153	17,812
Compcare Hlth Serv Ins Corp	10.04%	46,125,199	21,024
Humana Ins Co	7.42%	34,082,136	15,527
Dean Hlth Plan Inc	5.77%	26,523,624	11,771
Security Hlth Plan of WI Inc	4.66%	21,436,669	7,914
American Family Mut Ins Co	3.78%	17,388,250	4,995
WPS Hlth Plan Inc	2.66%	12,223,483	7,375
Mega Life & Hlth Ins Co The	2.12%	9,726,494	2,337
Group Hlth Coop of S Central WI	1.70%	7,821,217	1,789
American Republic Ins Co	1.35%	6,192,935	2,774
New York Life Ins Co	1.23%	5,645,114	1,128
Physicians Plus Ins Corp	1.17%	5,362,849	1,741
American Medical Security Life Ins C	0.98%	4,516,880	1,274
Unity Hlth Plans Ins Corp	0.94%	4,322,029	1,229
Pekin Life Ins Co	0.94%	4,312,838	1,551
Mid West Natl Life Ins Co Of TN	0.78%	3,586,271	1,273
World Ins Co	0.73%	3,348,423	1,665
American Comm Mut Ins Co	0.72%	3,286,778	264
Midwest Security Life Ins Co	0.51%	2,338,538	271
John Alden Life Ins Co	0.50%	2,318,810	825
Celtic Ins Co	0.34%	1,557,900	1,057
State Farm Mut Auto Ins Co	0.30%	1,358,025	359
American Natl Life Ins Co Of TX	0.26%	1,211,918	266
Consumers Life Ins Co	0.18%	808,319	163
Guarantee Trust Life Ins Co	0.17%	767,656	58
Chesapeake Life Ins Co	0.13%	619,167	235
National Hlth Ins Co	0.11%	501,696	31
Group Hlth Coop of Eau Claire	0.11%	489,677	25
Thrivent Financial For Lutherans	0.07%	339,680	6
Health Tradition Hlth Plan	0.07%	312,848	232
UnitedHealthcare Ins Co	0.05%	248,479	200
MercyCare HMO Inc	0.04%	188,013	61

Standard Security Life Ins Co Of NY	0.04%	163,674	70
Independence Amer Ins Co	0.03%	160,188	93
Trustmark Ins Co	0.02%	97,326	16
Prudential Ins Co Of Amer	0.02%	97,249	193
Northwestern Natl Ins Co Seg Accnt	0.02%	78,671	4
Humana WI Hlth Org Ins Corp	0.01%	54,806	1
Illinois Mut Life Ins Co	0.01%	43,017	17
Metropolitan Life Ins Co	0.01%	30,696	547
Standard Life & Accident Ins Co	0.01%	27,181	0
Aetna Life Ins Co	0.00%	20,753	17
American States Ins Co	0.00%	19,661	45
Madison Natl Life Ins Co Inc	0.00%	12,717	12
Network Hlth Plan of WI Inc	0.00%	12,061	1
United States Life Ins Co In NYC	0.00%	9,873	1
UnitedHealthcare of WI Inc	0.00%	9,318	1
LifeSecure Ins Co	0.00%	8,442	1
Guardian Life Ins Co Of Amer	0.00%	7,566	2
Fidelity Security Life Ins Co	0.00%	6,831	0
Union Labor Life Ins Co	0.00%	4,757	4
New Era Life Ins Co Of Midwest	0.00%	3,880	1
Liberty Mut Ins Co	0.00%	2,707	1
North Amer Ins Co	0.00%	2,143	29
Unified Life Ins Co	0.00%	1,192	7
American Gen Life Ins Co	0.00%	936	1
Unicare Life & Hlth Ins Co	0.00%	501	0
Totals	**100.00%**	**459,633,796**	**183,878**

Source: 2010 Supplemental Health Care Exhibit

(2) For each issuer who offers coverage in the individual market in the State to more than 1,000 enrollees, the following additional information:

(i) Total earned premium on individual market health insurance products in the State;

Company Name	Adjusted Premium
Wisconsin Physicians Serv Ins Corp	68,191,632
Golden Rule Ins Co	59,955,080
BCBS of WI	52,571,868
Time Ins Co	49,077,153
Compcare Health Serv Ins Corp	46,125,199
Humana Ins Co	34,082,136
Dean Health Plan Inc	26,523,624
Security Health Plan	21,436,669
American Family Mutual Ins Co	17,388,250
WPS Health Plan Inc	12,223,483

Mega Life & Health Ins Co	9,726,494
Group Health Coop of S Central WI	7,821,217
American Republic Ins Co	6,192,935
New York Life Ins Co	5,645,114
Physicians Plus Ins Corp	5,362,849
Unity Health Plans Ins Corp	4,322,029
World Ins Co	3,348,423
Celtic Insurance Co	1,557,900

Source: 2010 Supplemental Health Care Exhibit

(ii) Reported MLR pursuant to State law for the individual market business in the State;

Wisconsin has no law establishing a minimum MLR.

(iii) Estimated MLR for the individual market business in the State, as determined in accordance with §158.221 of this part;

Company Name	MLR	Credibility Factor	Adjusted MLR
Wisconsin Physicians Serv Ins Corp	83.50%	2.60%	86.10%
Golden Rule Ins Co	71.50%	2.60%	74.10%
BCBS of WI	78.80%	2.60%	81.40%
Time Ins Co	70.00%	2.60%	72.60%
Compcare Health Serv Ins Corp	81.00%	2.60%	83.60%
Humana Ins Co	72.90%	2.60%	75.50%
Dean Health Plan Inc	88.70%	2.60%	91.30%
Security Health Plan	97.30%	3.70%	101.00%
American Family Mutual Ins Co	76.30%	3.70%	80.00%
WPS Health Plan Inc	85.20%	3.70%	88.90%
Mega Life & Health Ins Co	72.30%	5.20%	77.50%
Group Health Coop of S Central WI	84.00%	8.30%	92.30%
American Republic Ins Co	69.38%	5.20%	74.58%
New York Life Ins Co	97.30%	8.30%	105.60%
Physicians Plus Ins Corp	87.60%	8.30%	95.90%
Unity Health Plans Ins Corp	91.00%	8.30%	99.30%
World Ins Co	65.00%	8.30%	73.30%
Celtic Insurance Co	58.50%	Not Credible	N/A

Source: 2010 Supplemental Health Care Exhibit

(iv) Total agents' and brokers' commission expenses on individual health insurance products;

Company Name	Commissions
Wisconsin Physicians Serv Ins Corp	5,475,221
Golden Rule Ins Co	6,441,261
BCBS of WI	2,551,211
Time Ins Co	4,476,321
Compcare Health Serv Ins Corp	2,835,614
Humana Ins Co	887,788
Dean Health Plan Inc	1,463,451
Security Health Plan	1,053,746
American Family Mutual Ins Co	801,332
WPS Health Plan Inc	896,954
Mega Life & Health Ins Co	346,757
Group Health Coop of S Central WI	111,156
American Republic Ins Co	921,045
New York Life Ins Co	25,957
Physicians Plus Ins Corp	167,446
Unity Health Plans Ins Corp	107,388
World Ins Co	678,270
Celtic Insurance Co	148,168

Source: 2010 Supplemental Health Care Exhibit

(v) Estimated rebate for the individual market business in the State, as determined in accordance with §158.221 and §158.240 of this part;

Company Name	Rebate Calculation Based Upon 2010 Adjusted MLR
Wisconsin Physicians Serv Ins Corp	0
Golden Rule Ins Co	2,703,129
BCBS of WI	0
Time Ins Co	2,700,000
Compcare Health Serv Ins Corp	0
Humana Ins Co	1,580,000
Dean Health Plan Inc	0
Security Health Plan	0
American Family Mutual Ins Co	0
WPS Health Plan Inc	0
Mega Life & Health Ins Co	9,726,207
Group Health Coop of S Central WI	0

American Republic Ins Co	245,109
New York Life Ins Co	0
Physicians Plus Ins Corp	0
Unity Health Plans Ins Corp	0
World Ins Co	26,318
Celtic Insurance Co	0
Total	16,980,763

Source: 2010 Supplemental Health Care Exhibit

(vi) Net underwriting profit for the individual market business and consolidated business in the State;

Company Name	2010 Net Underwriting Profit - Individual Business	2010 Net Underwriting Profit - All WI Business
Wisconsin Physicians Serv Ins Corp	(8,410,847)	(2,815,637)
Golden Rule Ins Co	2,940,295	4,478,541
BCBS of WI	2,469,652	29,985,550
Time Ins Co	(5,478,514)	(285,522)
Compcare Health Serv Ins Corp	(2,432)	6,659,172
Humana Ins Co	121,124	30,478,111
Dean Health Plan Inc	1,534,054	(1,816,989)
Security Health Plan	(2,644,944)	25,270,053
American Family Mutual Ins Co	(433,066)	(1,175,327)
WPS Health Plan Inc	2,086,888	(2,185,005)
Mega Life & Health Ins Co	903,363	1,243,645
Group Health Coop of S Central WI	710,969	1,248,192
American Republic Ins Co	(267,857)	15,136,545
New York Life Ins Co	136,333	(2,298,696)
Physicians Plus Ins Corp	243,009	(3,899,151)
Unity Health Plans Ins Corp	(51,731)	3,811,264
World Ins Co	(63,989)	7,716,572
Celtic Insurance Co	430,378	370,821

Source: 2010 Supplemental Health Care Exhibit

(vii) After-tax profit and profit margin for the individual market business and consolidated business in the State;

Company Name	Estimated 2010 Net Income*	Estimated 2010 Profit Margin
Wisconsin Physicians Serv Ins Corp	(5,359,321)	-8.5%
Golden Rule Ins Co	4,846,147	7.7%
BCBS of WI	3,315,801	6.1%
Time Ins Co	1,104,141	2.4%
Compcare Health Serv Ins Corp	253,961	0.5%
Humana Ins Co	8,674,854	25.5%

Dean Health Plan Inc	1,646,656	6.5%
Security Health Plan	(2,573,217)	-11.9%
American Family Mutual Ins Co	(433,066)	-2.5%
WPS Health Plan Inc	(1,808,435)	-16.1%
Mega Life & Health Ins Co	1,226,613	11.8%
Group Health Coop of S Central WI	710,969	9.1%
American Republic Ins Co	8,427,334	134.1%
New York Life Ins Co	310,410	5.5%
Physicians Plus Ins Corp	284,425	5.3%
Unity Health Plans Ins Corp	(44,949)	-1.0%
World Ins Co	2,489,265	73.9%
Celtic Insurance Co	367,560	23.5%

Source: 2010 Supplemental Health Care Exhibit
****Net income estimated by allocating investment income and federal taxes in proportion of premium volume***

(viii) Risk-based capital level; and

Company Name	RBC
Wisconsin Physicians Serv Ins Corp	660%
Golden Rule Ins Co	654%
BCBS of WI	519%
Time Ins Co	595%
Compcare Health Serv Ins Corp	514%
Humana Ins Co	534%
Dean Health Plan Inc	437%
Security Health Plan	421%
American Family Mutual Ins Co	854%
WPS Health Plan Inc	246%
Mega Life & Health Ins Co	1799%
Group Health Coop of S Central WI	757%
American Republic Ins Co	1685%
New York Life Ins Co	905%
Physicians Plus Ins Corp	357%
Unity Health Plans Ins Corp	359%
World Ins Co	1218%
Celtic Insurance Co	622%

Source: 2010 Supplemental Health Care Exhibit

(ix) Whether the issuer has provided notice of exit to the State's insurance commissioner, superintendent, or comparable State authority.

Consumers Life Insurance Company exited the Wisconsin health insurance market due to PPACA effective 1/1/2012. They had 78 individual policies. American Community Mutual also left the market in April, leaving 623 individual policyholders to seek new coverage.

§ 158.322 Proposal for adjusted medical loss ratio. A State must provide its own proposal as to the adjustment it seeks to the MLR standard.

Wisconsin proposes a phased-in approach to the 80% MLR standard whereby the MLR would start at 71% for 2011, transition to 74% for 2012 and then 77% for 2013.

This proposal must include:
(a) An explanation and justification of how the proposed adjustment to the MLR was determined;

Wisconsin's proposed phased-in approach provides insurers with a gradual, step-up MLR structure that recognizes their need to remain profitable today while providing an adequate amount of time to adjust their business practices to ultimately come in compliance with the PPACA mandate. The 71% starting point in 2011 reflects the current environment and increases the MLR in 3% increments each year through 2014.

(b) An explanation of how an adjustment to the MLR standard for the State's individual market will permit issuers to adjust current business models and practices in order to meet an 80 percent MLR as soon as is practicable;

As stated earlier, insurers selling in Wisconsin are not required to meet a specific MLR and their ability to meet the new federal requirement of 80% is limited. The proposed phase in allows companies time to adjust business plans to meet the MLR requirement without taking such measures as non-renewing plans or existing the market.

(c) An estimate of the rebates that would be paid if the issuers offering coverage in the individual market in the State must meet an 80 percent MLR for the applicable MLR reporting years;

Year	MLR Standard	Rebates
2011	80%	$4.4 million
2012	80%	$4.7 million
2013	80%	$4.9 million

These estimates assume no change in earned premium, benefit payments, and cost structure during the three year period. Any change to the cost structure, claims experience size of the insured population, premium adequacy, and other factors may cause the actual rebates to be higher or lower than these estimates.

(d) An estimate of the rebates that would be paid if the issuers offering coverage in the individual market in the State must meet the adjusted MLR proposed by the State for the applicable MLR reporting years.

Year	MLR Standard	Rebates
2011	71%	Approximately $62,000
2012	74%	Approximately $197,000
2013	77%	Approximately $192,000

These estimates assume no change in earned premium, benefit payments, and cost structure during the three year period. Any change to the cost structure, claims experience size of the insured population, premium adequacy, and other factors may cause the actual rebates to be higher or lower than these estimates.

§ 158.323 State contact information.
A State must provide the name, telephone number, e-mail address, and mailing address of the person the Secretary may contact regarding the request for an adjustment to the MLR standard.

Theodore K. Nickel, Commissioner
Office of the Commissioner of Insurance
125 South Webster Street
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585
Fax: (608) 266-9935
Email: Ted.Nickel@wisconsin.gov

APPENDIX III:

HIRSP Premium Levels, Deductibles, Co-Insurance, and Maximum Out-of-Pocket Cost Levels

HIRSP State and Federal Plan Comparison

March 2011

Source: HIRSP Authority (http://hirsp.org/plans/index.shtml)

Eligibility

Description	HIRSP	HIRSP Federal
Base Criteria (You must meet all of the base eligibility criteria within the plan you choose.)	Wisconsin Resident for at least 3 months.	Wisconsin Resident
	Under 65 years of age	Are a citizen or national of the United States or are lawfully present in the United States
	Not eligible for employer-offered group health insurance coverage	Have not had creditable coverage in the six months prior to the HIRSP Federal effective date.
	Not eligible for comprehensive Wisconsin Medicaid or BadgerCare Plus Standard Plan	
Medical Uninsurability Criteria (if you meet the base criteria, you must meet *at least one of the medical Uninsurability criteria* to be eligible for the HIRSP Federal Plan. To be eligible for HIRSP you must meet one of the medical Uninsurability criteria or the loss of employer-sponsored coverage criteria.)	Received in the past nine months one of the following based on medical underwriting: • A notice of rejection from an insurer; • A notice of reduction of limitation in coverage, including restrictive riders; • A notice of an increase in premium of 50% or more; • Two or more offers for insurance with premiums at least 50% higher than a standard risk would be charged for the coverage.	Received in the past nine months one of the following based on medical underwriting: • A notice of rejection from an insurer; • A notice of reduction of limitation in coverage, including restrictive riders; • A notice of an increase in premium of 50% or more; • Two or more offers for insurance with premiums at least 50% higher than a standard risk would be charged for the coverage.
	Tested positive for HIV.	Tested positive for HIV.
	Eligible for Medicare due to a disability.	N/A

Loss of Employer-Sponsored Coverage Criteria (To be eligible for HIRSP you must meet one of the medical uninsurability criteria or the loss of employer-sponsored coverage criteria.)	Lost employer-offered group health insurance and meet all of the following requirements: • Did not voluntarily cancel your coverage. • Exhausted available continuation coverage (COBRA or state continuation) under your employer-offered group health insurance. • Have had continuous insurance coverage for at least 18 months with no gaps in coverage greater than 63 days. • Are not eligible for Medicare	N/A

Cost

Description	HIRSP	HIRSP Federal
Plan Options	Major Medical Plans: HIRSP 1,000/2,500/5,000 Health Savings Account (HS A) Plans: HIRSP 2,500 HS A and HIRSP 3,500 HS A Medicare Supplement Plan: HIRSP Medicare Supplement Plan	Major Medical Plans: HIRSP Federal 500/1,000/2,500/3,500
Premiums	State law requires premiums to cover 60% of plan costs. See rate tables for details.	Federal law requires premiums be set at "standard risk rate" for similar coverage in the private market. See rate tables for details.
Annual Medical Deductible	Major Medical Plans: $1,000/$2,500/$5,000 HSA Plans: $2,500/$3,500 combined medical and pharmacy deductible HIRSP Medicare Supplement: $500	Major Medical Plans: HIRSP Federal 500/1,000/2,500/3,500

Annual Medical Coinsurance	Major Medical Plans: 20% of allowed amount up to $1,000 out-of-pocket. HSA Plans: 20% of allowed amount after deductible is met, up to $2,100 out-of-pocket. Medicare Supplement: No coinsurance.	Major Medical Plans: 20% of allowed amount up to $1,000 out-of-pocket.
Medical Out-of-Pocket Maximum (total annual medical deductible and coinsurance payments for covered services)	Major Medical Plans: $2,000/$3,500/$6,000 HSA Plans: $4,600/$5,600 (medical and pharmacy) Medicare Supplement: $500	Major Medical Plans: $1,500/$2,000/$3,500/$4,500
Family Medical Out-of-Pocket Maximum (all family members must be on the same plan)	Major Medical Plans: $4,000/$7,000/$12,000 HSA Plans: $9,200/$11,200 (medical and pharmacy) Medicare Supplement: $1,000	Major Medical Plans: $3,000/$4,000/$7,000/$9,000
Drug Co-pay	Major Medical Plans: $5 Tier 1/$45 Tier 2	Major Medical Plans: $5 Tier 1/$45 Tier 2
Annual Drug Maximum Out-of-Pocket	Major Medical Plans: $2,000 HSA Plans: $4,600/$5,600 (medical and pharmacy) Medicare Supplement: $1,500	$500/$1,000/$2,500 Deductible Plans: $2,000 $3,500 Deductible Plan: $1,450

Coverage Limitations

Description	HIRSP	HIRSP Federal
Pre-Existing Waiting Periods	Individuals who qualify for HIRSP under the medical uninsurability criteria are required to serve a six- month waiting period for medical coverage of pre-existing conditions. The waiting period does not apply to prescription drug coverage. Individuals who qualify for HIRSP due to loss of employer-offered coverage are not required to serve a waiting period.	There is no pre-existing waiting period for individuals eligible for the HIRSP Federal Plan.
Coordination of Benefits	In general, HIRSP would pay secondary to any other coverage available to the member.	In general, HIRSP would pay secondary to any other coverage available to the member.

Medical Benefits

(The following is a list of selected services covered under HIRSP and the HIRSP Federal Plan. For a full listing of covered benefits, please see the HIRSP policy.)

Description	HIRSP and HIRSP Federal
Alcoholism, Drug Abuse and Nervous or Mental Disorders	Deductible/Coinsurance
Ambulance Services	Deductible/Coinsurance
Autism Services	Deductible/Coinsurance
Cardiac Rehabilitation Services (up to 48 sessions)	Deductible/Coinsurance
Chiropractic Services	Deductible/Coinsurance
Diagnostic Radiology Services (PET Scans, MRIs, MRAs)	Deductible/Coinsurance
Durable Medical Equipment	Deductible/Coinsurance
Emergency Services	Deductible/Coinsurance
Genetic Testing	Deductible/Coinsurance
Home Health Care (up to 40 Home Health service visits per year)	Deductible/Coinsurance
Hospice Care	Deductible/Coinsurance
Hospital Services	Deductible/Coinsurance
Medical and Surgical Services	Deductible/Coinsurance

Office Visits and Consultations	Deductible/Coinsurance
Pain Management Services	Deductible/Coinsurance
Preventative Care	First Dollar Coverage.
Radiation and Chemotherapy Services	Deductible/Coinsurance
Dialysis Treatments	Deductible/Coinsurance: Continually payable up to $30,000 per year.
Skilled Nursing Care Facility (up to 30 days per confinement)	Deductible/Coinsurance
Therapies (OT, PT, Respiratory, Speech)	Deductible/Coinsurance
Transplants	Deductible/Coinsurance
X-ray and Lab Services	Deductible/Coinsurance
Maximum Lifetime Benefit	$2 Million Combined Medical and Drug

Prescription Drug Benefits

Description	HIRSP	HIRSP Federal
Prescription Drugs	Tier 1 (generics) $5 copay. Tier 2 (brands) $45 copay. Tier 3 not covered without a medical exception.	Tier 1 (generics) $5 copay. Tier 2 (brands) $45 copay. Tier 3 not covered without a medical exception.

Description	HIRSP and HIRSP Federal
Benefit Design	• Mandatory generic substitution program applies • Generic co-pay waiver program available • Some high-cost medications require prior approval • Mandatory specialty pharmacy program • 90-day supply at retail and mail available

Provider Network

Description	HIRSP	HIRSP Federal
In-State Network	Wisconsin Medicaid Certified Providers	Wisconsin Medicaid Certified Providers
Out-of-State Network	HIRSP pays HIRSP rates to out-of-state providers both in emergency situations and for scheduled services. HIRSP members MAY be BALANCE BILLED by out-of-state providers if they refuse to accept HIRSP payment rates as payment in full for the services provided.	The HIRSP Federal Plan will NOT reimburse out-of-state providers for services rendered, except in cases of emergency. In emergencies, the member WILL be responsible for the difference between the provider chargers and the HIRSP reimbursement rate. For non-emergency services the member IS responsible for 100% of the charges for any services provided by a non-Wisconsin Medicaid Certified provider.

Customer Service & Website

Description	HIRSP	HIRSP Federal
Customer Service	1-608-221-4551 (Madison, WI) or 1-800-828-4777	1-608-221-5375 (Madison, WI) or 1-888-253-2698
Website Address	www.hirsp.org	www.hirsp.org