HIRSP AUTHORITY

Testimony to Assembly Health and Healthcare Reform
Presented by Amie Goldman, CEO HIRSP Authority
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Assembly Bill 111

Under current law, the lifetime benefit available to Health Insurance Risk-Sharing Plan Authority (HIRSP) policyholders is $1,000,000. In October 2008, the HIRSP Board of Directors voted unanimously to seek a statutory change that would allow the Board of Director's additional flexibility to adjust the lifetime maximum on HIRSP policies to keep pace with medical inflation and the individual market.

In 2007 and 2008, three policyholders reached the lifetime maximum and lost their HIRSP coverage. Currently, there are three policyholders who have reached 75% of their lifetime maximum. For those who exceed this benefit, there are very few options. Some may qualify for Medicare if their medical condition could be considered a disability, but more likely these individuals find themselves uninsured.

The HIRSP Authority Board of Directors has noted that the rising cost of health care has reduced the value of a $1,000,000 maximum over time and that as the insurer of last resort HIRSP should offer higher levels of coverage to better serve the state's high-risk population. The current limit is also out of line with the commercial individual market.

Based on a December 2007 report from America's Health Insurance Plans (AHIP), the average lifetime maximum in force for policies (weighted based on enrollment) included in the report was approximately $3.1 million for HMO plans, $3.7 million for indemnity plans, $4.2 for PPO/POS plans and $4.5 million for HSA plans in the individual market. Approximately one-third of state high-risk pools also have lifetime benefits that exceed $1 million.

The Authority's actuary suggests that increasing the lifetime maximum benefit to between $2 and $5 million would result in a less than 1% increase in HIRSP premiums.

The Board of Directors fully supports Assembly Bill 111 and looks forward to its enactment.

Assembly Bill 112

Until passage of 2005 Wisconsin Act 74 (Act 74), only one letter of rejection based in whole or in part on medical underwriting was required. Effective July 1, 2006, Act 74 increased the requirement to two letters of rejection. Since that time, the HIRSP Authority has heard from a handful of legislators, insurance agents and Wisconsin residents that the requirement of two letters creates an additional administrative and cost barrier to potential applicants and is unnecessary.

At the February 2009 meeting of the HIRSP Authority Board of Directors, the Board reviewed and discussed the proposed statutory change included in Assembly Bill 112 that would reduce the number of rejection letters required for HIRSP eligibility from two to one.

The Board voted unanimously to support Assembly Bill 112 recognizing that it could improve access to HIRSP for eligible persons without a negative impact to the plan.

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