



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Jorge Gomez, 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: information@oci.state.wi.us
Web Address: oci.wi.gov

Life & Disability Advisory Council

Minutes of Meeting
Tuesday, July 11, 2006

Council Members Attending: Steve Stribling, Roberta Riportella, Karen Geiger, Mary French, John Sheski, James Sykes, Russ Cain

Council Members Absent: Robert Palmer,

OCI Staff Attending: Eileen Mallow, Sue Ezalarab, Diane Dambach, Barb Belling, Julie Walsh, Clare Stapleton Concord, Jim Guidry, Deb Hamele

Interested Parties: Jeff Goke, WPS, Kathryn A Ambelang, WPS, Marilyn Windschieg, WEA, Paul Merline – WAHP, Bill Toman – Quarles & Brady, Steve Radke – Northwestern Mutual

I. Adoption of Revised Minutes from the April 11, 2006 Meeting

- Chair Steve Stribling verified all council members had read the minutes for the April 11, 2006, meeting. A motion was made and seconded to accept the minutes. The motion passed unanimously and the minutes were adopted as written.

II. Agent Licensing and Continuing Education - L. Landphier

- With OCI's conversion to the Siron System in May, 2006, OCI modified all license renewal/expiration dates to comply with national uniformity licensing standards. Over 90,000 licensees have been sent an updated license showing the change in their expiration date to the end of an agent's birth month in the odd or even year, depending on original license issue date.
- The continuing education ("CE") compliance date and renewal dates have now been combined. Persons with a converted 2007 expiration date need to have 24 credits of CE completed and will be required to pay half a renewal fee. Persons with a converted 2008 expiration date need to have 36 credits of CE completed and will be billed for a full renewal fee.
- 3 credits of the 24 must be in the ethics of insurance and must be completed by all licensees regardless of the number of credit hours already banked. OCI is currently reviewing all approved courses to determine which ones will qualify for the ethics requirement. After August 21, 2006, people will be able to view the list of approved ethics courses through a hotlink on OCI's website and their transcript will show whether any courses they have already completed will qualify for the CE ethics requirement.
- OCI is looking forward to the approval of expanded self-study for continuing education and a relaxed re-licensing requirement for people who fail to pay their fees or comply with continuing education.

III. Legislative Update – J. Guidry

- Jim Guidry provided a 2005-2006 OCI Legislative Update handout. He noted there would be a Senate and Assembly meeting tomorrow (July 12, 2006) for a brief "house cleaning" session and then the Legislature will reconvene in January 2007. There is also a possibility there will be a special legislative session in December 2006.

- The following were introduced late in the session so Guidry warned there is a chance not much will happen with any of these bills:
 - Representative Schneider introduced Assembly Bill 1217 (health insurance coverage of hearing aids and cochlear implants for infants) and Assembly Bill 1218 (health insurance coverage of orphan drugs for rare diseases).
 - Senator Decker introduced Senate Bill 698 (creating Wisconsin Health Care Plan Board – health care plan to cover all employees in Wisconsin).
- The following bills were signed into law by Governor Doyle:
 - Assembly Bill 526 (requirement for a child’s parent to provide a health insurance ID card to the child’s other parent) was signed into law.
 - Assembly Bill 1186 (unincorporated cooperative associations)
 - Senate Bill 619 (mergers, acquisitions, and other business combinations)
- The following Assembly and Senate Bills were vetoed by Governor Doyle:
 - Assembly Bill 4 (income tax credits for contributions to Health Savings Accounts)
 - Assembly Bill 327 (unincorporated cooperative associations – earlier version)
 - Senate Bill 420 (definition of group health benefit plan)
 - Senate Bill 617 (rules related to preferred provided plans)

IV. Administrative Rule Update

- **Section Ins 6, 26 & 28 – Licensing of Intermediaries and Affecting Small Businesses – E. Mallow**
 - See discussion held by L. Landphier on Agent Licensing.
- **Section Ins 8.49 – Small Employer Uniform Employee Application Update – J. Walsh**
 - Julie Walsh noted that there were no pending Ins 8 rules.
- **Chapter Ins 9 – Defined Network Plans and Preferred Provider Plans – E. Mallow**
 - OCI has held a series of meetings with interested parties on the four sections of the rule that was suspended by the Joint Committee for Review of Administrative Rules (JCRAR). OCI believes there is now a consensus on the three sections that address use of emergency services, how utilization review standards are applied by insurers, how access standards apply to preferred provider plans (PPPs) and how the rule applies to limited scope plans. A public hearing is scheduled on the rule for early August and the rule will be forwarded to the Legislature after that. OCI plans to continue meeting with interested parties on the remaining section of the rule, which addresses how consumers who are covered by a PPP are made aware when they schedule non-emergency surgical procedures of all health care providers who are treating the patient and whether each is a participating provider under that PPP.
- **Sec Ins 6.05 and 6.07 – Filing Forms and Readability – S. Ezalarab**
 - The purpose of the rule is to delete the filing transmittal document from the rule and refer instead to the NAIC form
- **Miscellaneous**
 - Mallow said OCI has determined that a Spanish language version of the uniform small employer health insurance application would not be cost-prohibitive, but it is still unclear whether insurers would have the capacity to use such an application.

- Jim Sykes asked Mallow what OCI could do about incorrect information provided by insurers on the Medicare Part D drug program, as reported in the Wall Street Journal. Mallow said that the law gives OCI very little enforcement authority, and that the federal government has been clear about wanting the states to "butt out," but that OCI is interested in information on problems in the market (which the states share with CMS). Sue Ezalarab noted that CMS has a complaint process in place. Sykes asked whether OCI could take action based on its general authority over insurers, but Ezalarab noted that OCI does not even have authority to review Part D products to confirm that they are marketed correctly. Clare Stapleton-Concord noted that OCI still has authority over agent conduct. Roberta Riportella asked if OCI could at least gather data. Mallow noted that OCI has no authority to do so, but that states are working on a memo of understanding with CMS to share information (though CMS has not been very cooperative).

V. NAIC – National Meeting Update – S. Ezalarab

- Ezalarab reported on the Senior Issues Task Force and the Long Term Care Working Group. Discussion was held on the misinformation consumers are receiving and the Council requested OCI do something about it. Ezalarab answered that the CMS has told us very clearly that state jurisdiction was limited.

The long-term care (LTC) working group discussed the LTC partnership program in OBRA 2006 with U.S. Department of Health and Human Services ("U.S. DHHS"), and hopes to come up with standards for LTC (which would qualify an insured for Medicaid after the LTC is exhausted). The working group postponed revision of the model act until the fall meeting in order to come up with producer training for LTC.

The Senior Issues Task Force discussed Part D implementation. CMS has made it easier for Part D plan sponsors to avoid state licensing; has accepted cross-selling other products with Part D plans; and says agents don't have to be licensed or listed with plan sponsors to sell Part D. The NAIC has asked Congress to waive the penalty for those who did not apply for Part D by the May 15 deadline, and to provide more money for SHIP Medicare counseling programs. Finally the task force is working on modernizing Medigap plan to delete those that are redundant in light of Part D.

The health insurance committee discussed a model law on discount plans, which would follow the rigorous approach taken by the Florida law which treats discount plans almost like health insurance.

The NAIC opposed Sen. Enzi's bill to allow insured products to be sold across state lines without multi-state regulation, including having no state mandates apply, and stopped it with the help of consumer groups. Asked who counters the industry's \$300 million in lobbying expenditures, Mallow noted that Congress often just sees the NAIC as a naysayer these days.

The life insurance interstate compact - which would allow centralized life, annuity, LTC, and disability income product filings under national standards - has taken effect, so the compact commission is working on implementation and setting national standards by January 1, 2007. The commission will use SERFF for filings. OCI is still discussing whether Wisconsin should participate.

VI. New Business

- The Council reviewed Wis. Admn. Code Section Ins 6.79 and a list of questions from Sykes. A lengthy discussion ensued about the role that should be played by the Council, including taking a fresh look at the Council's duties and discussing this subject in more detail at the Council's next meeting, including receiving feedback from the Commissioner about the Council's role and duties. Mallow suggested that the Council might treat certain topics (e.g., LTC) more in-depth by scheduling them in advance so OCI could make a presentation. Mallow said that interested parties should send their ideas to Debbie Hamele so she could compile the information and it could be presented to the Commissioner at a meeting with the Council members before the Council meets on October 10 and then added to the agenda for the October meeting.

VII. Other Business

- **Update on Medicare Modernization Act / Part D – D. Dambach**
 - OCI is getting few calls on Part D since the May 15 deadline, and even complaints have slowed. Council representatives noted that complaints may pick up as enrollees hit the Part D "donut hole" and when utility bills put the crunch on enrollee budgets, and encouraged OCI to take a proactive approach. OCI is getting some complaints on Medicare Advantage marketing issues (e.g., selling plans to those who don't know what they're buying) and is providing information on the expiration of the open enrollment period.
- **Update on Health Care Purchasing Cooperative – E. Mallow**
 - OCI continues to work with groups who are interested in establishing Health Care Purchasing Cooperatives. OCI has only approved one geographic area (in southeastern Wisconsin), although two others have applications pending and another party has contacted OCI about filing an application. OCI has also talked to a couple of health insurers to encourage them to participate, but there is still no deal between an insurer and a co-op. OCI will keep the Council informed about the progress.
- **Money Smart Week – E. Mallow**
 - Money Smart Week will be held the first week in October 2006 (October 2 – 7). This is a statewide effort to educate and assist the consumer in purchasing wisely. Jean Terry of OCI is coordinating this effort with all statewide regulatory agencies. This effort dovetails nicely with the NAIC's "Insure U" program in dealing with different needs during different stages of life. OCI will issue a press release each day.
- **Commissioner Gomez's PSA on Fighting Fake Insurance – E. Mallow**
 - The Council and the audience viewed the Public Service Announcement (PSA). OCI has posted a copy of the PSA taped earlier this year by Commissioner Gomez on Fighting Fake Insurance to OCI's website. OCI will also contact TV stations around the state in an effort to get the PSA aired.

VIII. Confirm Next Meeting Date and Chair

- The next meeting will be October 10, 2006 at 10:00 a.m. to 12:30 p.m. to be chaired by Roberta Riportella.

IX. Adjournment

- Meeting was adjourned at 11:30 a.m.