

III. Health Funds and Communications



The administrator of Health Funds and Communications is responsible for providing advice on executive matters affecting the office's goals and initiatives and directs the office's legislative initiatives, communication activities, and provides advice on technical insurance-related issues. This unit also has administrative responsibilities for the Injured Patients and Families Compensation Fund.

Public Information and Communications

The Public Information and Communications Section has primary responsibility in developing and maintaining the office's consumer publications, providing information and materials on the office's Web site, and provides basic and essential services including records management, forms management, and service of process.

The office is required by statute to administer and maintain a Forms Management program. All office forms and brochures, regardless of format or method of delivery, are reviewed for statutory requirements and agency standards. An inventory and history file is kept for each form, brochure, and special report. This material is composed using a variety of specialized tools and is then distributed and made available via digital and paper means. The forms manager is a liaison with office staff, the agency Printing Coordinator, and other state agencies.

The OCI internal and external Web sites are managed within Public Information and Communications. In coordination with other agency staff, via the OCI Web Committee and with significant involvement with other state agency Web efforts (participation on various inter-agency Web subcommittees), we focus on providing information useful to our audiences 24 hours a day and finding new methods to provide greater content. We frequently reassess the value of the information provided on our site and strive to assure fresh content consistent with current issues. There were 164 new Web pages added in 2006. Another 941 existing pages were updated.

We take great care with how we utilize the Web to provide information to our constituents. A Web service is not unlike direct telephone, postal mail, or even face-to-face contact. Management of that interface requires constant attention to assure our Web visitors can readily find what they need.

2006 Major Accomplishments

- Participated in the first statewide Money Smart Week WisconsinSM by sponsoring an Insurance and Financial Fair. Money Smart Week WisconsinSM was created by the Governor's Council on Financial Literacy which Governor Jim Doyle formed last year to improve financial literacy in Wisconsin.
- Continued to extend our consumer education outreach to Spanish-speaking consumers by increasing the number of Spanish publications available on OCI's Web site.
- Coordinated the office's Latino and urban outreach activities by meeting with leaders in the Latino and urban communities to discuss the consumer services that OCI can provide to the community. Provided consumer publications and fact sheets for community training and informational programs.
- Created new publications to help consumers make educated decisions when trying to resolve disputes with their health plan or when purchasing insurance: *Consumer's Guide to Grievances; Insurance 101, A Guide to Insurance Basics for College Students; Tips for Saving on Auto Insurance; Tips for Saving on Homeowner's Insurance; and Buying Insurance Over the Internet.*
- Continued in our effort to improve consumer awareness of insurance by issuing a variety of press releases to help consumers find the best possible insurance products for their personal needs.
- Chartered a new project to create digital images of rates and forms that were previously only found on microfilm.

- Increased records provided via the agency Web site. Rate and policy form records since 1993 and administrative action files from the 1970s through 2001 were added to the OCI Web site.
- Acted as liaison to agency business areas for issues involving records in all media and as liaison to outside agencies including the State Historical Society, the Department of Administration's Records Management Section, and the Division of Enterprise Technology.
- Participated in meetings of the Governor's Council on Financial Literacy, the Governor's Committee for People with Disabilities, the Group Insurance Board, the Health Insurance Risk-Sharing Plan Authority, the Wisconsin State Council on Alcohol and Other Drug Abuse and the Inter-Agency Financial Literacy Committee.
- Participated in NAIC Task Forces and Working Groups, including: the Consumer Protection Working Group, the Consumer Liaison Committee and the Health Insurance (B) Committee.

Consumer Publications

The following consumer publications are available from OCI. Copies of all brochures are available on-line on OCI's Web site: http://oci.wi.gov/pub_list.htm.

Auto

- **Consumer's Guide to Auto Insurance (PI-057)**—Explains the types of coverage provided in an auto insurance policy, how to shop for insurance, collision damage waiver coverage for rental cars, and contains premiums for five hypothetical examples.
- **Guía del Consumidor para Seguros de Automóvil (PI-157)**—Explica los tipos de cobertura que se brindan en las pólizas de seguro de automóvil, cómo contratar un seguro, la cobertura por daños en caso de choque para automóviles de alquiler, e incluye las primas para cinco casos hipotéticos.
- **Teenagers and Auto Insurance (PI-200)**—Provides information on buying car insurance, saving money, and how underage drinking affects your insurance premium.

Health

Long-Term Care

- **Guía para los Cuidados a Largo Plazo (PI-147)**—(se pueden obtener copias en cantidad llamando a Kaplan Financial al 1-800-824-8742 ext. 4411; preguntar por la WI's Guide) Explica los diferentes tipos de seguro de cuidado a largo plazo y los tipos de pólizas vendidas en Wisconsin para cubrir gastos decuidado a largo plazo.
- **Guide to Long-Term Care (PI-047)**—Explains different types of long-term care insurance and the types of policies sold in Wisconsin to cover long-term care expenses.
- **Long-Term Care Insurance Policies Approved in Wisconsin (PI-046)**—Lists individual, group and tax-qualified long-term care insurance policies, nursing home policies, and home health care policies including information regarding benefits and sample premiums.

Medicare Supplement

- **Medicare Advantage - Questions and Answers (PI-099)**—Explains new options available to Medicare-eligible persons age 65 and over, and some Medicare-eligible disabled individuals under age 65, who are looking for information about the Medicare Advantage program.

- **Medicare Supplement Insurance Approved Policies (PI-010)**—Lists policies available in Wisconsin including benefits and current premiums.
- **Wisconsin Guide to Health Insurance for People with Medicare (PI-002)**—Explains Medicare and supplemental insurance to cover those expenses not paid by Medicare.

General

- **ANSI Codes (OCI 17-007)**—American National Standards Institute (ANSI) claim disposition codes that must be used by providers and their narrative explanation.
- **A Guide to Health Insurance and Worker's Compensation Insurance for Farm Families (PI-072)**—Provides information about health insurance and limitations for work-related injuries.
- **A Shopper's Guide to Cancer Insurance (PI-001)**—Describes cancer insurance policies and the limitations many of these policies have.
- **Consumer's Guide to Grievances and Complaints (PI-217)**—Provides information on how to resolve disputes with your health plan.
- **Consumer's Guide to Managed Care Health Plans in Wisconsin (PI-044)**—Provides information on all HMO and Limited Service Health Organization Plans in Wisconsin.
- **Fact Sheet on Continuation and Conversion in Health Insurance Policies (PI-023)**—Describes a consumer's rights under Wisconsin law and the federal COBRA law to continue or convert group health insurance coverage after losing previous eligibility for health insurance coverage.
- **Fact Sheet on the Independent Review Process in Wisconsin (PI-203)**—Describes a consumer's right to appeal a health plan's decision to an independent medical expert.
- **Fact Sheet on Managed Care Consumer Protections in Wisconsin (PI-102)**—Describes consumer protections available to Wisconsin residents enrolled in managed care plans.
- **Fact Sheet on Mandated Benefits in Health Insurance Policies (PI-019)**—Gives a brief description of current mandated benefits.
- **Fact Sheet on Mandated Benefits for the Treatment of Nervous and Mental Disorders, Alcoholism and Other Drug Abuse (PI-008)**—Summarizes required coverages in group health insurance policies.

- **Group Health Insurance Index (July PI-081 and January PI-080)**—Survey results listing the monthly premiums for group health insurance policies for four hypothetical groups.
- **Guide for Insurance Consumers Regarding the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and Wisconsin Insurance Laws – (PI-096)**—Provides a general overview of the new federal law as well as the changes made to state health insurance laws.
- **Health Insurance Coverage in Wisconsin (PI-094)**—Survey results listing the number of people covered by an HMO, Preferred Provider Organization, Point-of-Service Plan and traditional health insurance in Wisconsin.
- **Health Insurance for Small Employers and Their Employees (PI-206)**—Discusses the Small Employer Health Insurance Law and contains monthly premiums for three hypothetical groups.
- **Insurance Coverage and AIDS (PI-064)**—Summarizes rules regarding health and life insurance underwriting and coverage for AIDS and includes Resources for Persons with a Positive HIV Test/The Implications of Testing Positive for HIV (OCI 17-001).
- **Mammograms: Mandated Insurance Coverage (PI-056)**—Summarizes required coverage for mammograms under health insurance policies.
- **Resumen informativo sobre el proceso de revisión independiente en Wisconsin (PI-303)**—Describe los derechos del consumidor a apelar una decisión del plan de salud mediante una revisión de un médico experto independiente.
- **Resumen informativo sobre los derechos de continuación y conversión de las pólizas de seguros de salud (PI-123)**—Describe los derechos del consumidor según las leyes de Wisconsin y la ley federal COBRA, a seguir o cambiar su cobertura de seguro médico después de perder la elegibilidad previa para la cobertura de seguro médico.
- **Seguro de Salud para Pequeños Empleadores y sus Empleados (PI-306)**—Analiza la Ley de Seguros de Salud para Pequeños Empleadores y publica primas de tres ejemplos hipotéticos.
- **Buying a Home and Your Insurance Needs (PI-100)**—Provides information on title, homeowner's, flood and private mortgage insurance and discusses other insurance options to consider when buying a home.
- **Condominium Insurance (PI-068)**—Explains the basic coverages included in a condominium unit owners policy.
- **Consumer's Guide to Homeowner's Insurance (PI-015)**—Explains the basic coverages included in homeowner's and tenant's insurance policies, the types of policies, what you should do if you have a loss, the Wisconsin Insurance Plan, and contains premium tables for four hypothetical examples.
- **Guía del Consumidor para Seguros de Vivienda (PI-115)**—Explica las coberturas básicas incluidas en las pólizas de seguros de propietarios de viviendas e inquilinos, los tipos de pólizas, qué debe hacer en caso de pérdida, el plan de seguros de Wisconsin y contiene tablas de tarifas para cuatro ejemplos hipotéticos.
- **Mobile Home Insurance (PI-066)**—Explains the basic coverages included in a mobile home insurance policy.
- **Seguro de condominio (PI-168)**—Explica las coberturas básicas contenidas en una póliza de seguro del condominio.
- **Seguro de vivienda móvil (PI-166)**—Explica las coberturas básicas contenidas en una póliza de seguro del vivienda móvil.
- **Settling Property Insurance Claims (PI-084)**—Provides information on what to do after a loss, how to settle an insurance claim, flood insurance, and tips on what to do before a loss.
- **Una Breve Guía Sobre el Seguro del Arrendatario (PI-117)**—Explica las coberturas básicas contenidas en una póliza de seguro del arrendatario y aconseja cómo contratar un seguro del arrendatario.

Homeowner's

- **A Brief Guide to Renter's Insurance (PI-017)**—Explains the basic coverages included in a renter's insurance policy and gives tips on how to purchase renter's insurance.

Liability

- **Consumer's Guide to Commercial Liability Insurance (PI-045)**—Contains basic information on commercial liability insurance, risk management, legal protections, required coverages, and optional coverages.
- **Consumer's Guide to Day Care Liability Insurance (PI-054)**—Answers questions about liability insurance coverage for day care facilities.

- **Consumer's Guide to Insurance for Small Business Owners (PI-085)**—Provides information about business, worker's compensation, health, and auto insurance.
- **Consumer's Guide to Worker's Compensation Insurance for Employers (PI-065)**—Provides information on worker's compensation insurance requirements and answers frequently asked questions.
- **Fact Sheet on Foster Parent Liability Insurance (PI-048)**—Answers questions about liability insurance coverage for foster children.
- **Information Sheet on Surplus Lines Insurers and Agents (PI-026)** — Answers questions about surplus lines insurance and procedures for placing surplus lines insurance.
- **Warranties (PI-069)**—Discusses the Magnuson-Moss Warranty Act, the federal law that covers warranties, and answers questions about extended warranties.
- **Fact Sheet on Standard Health Insurance Forms (PI-083)**—Describes the requirements for billing formats to be used by providers and explanation of benefits and remittance advice forms used by insurers to explain claim payments.
- **Frequently Asked Questions About C.L.U.E. (PI-207)**—Tips to help you understand how claims information obtained from a C.L.U.E. report may affect your insurance premiums.
- **Guía del Consumidor Seguros (PI-151)** — Brinda información general sobre los seguros de salud, de vida, del automóvil, de propietarios de vivienda y de indemnización laboral.
- **Insurance 101, A Guide to Insurance Basics for College Students (PI-215)**—Provides information about the types of insurance college students should consider when going away to school.
- **Insurance Complaints and Administrative Actions (PI-030)**—An annual report listing companies with an above-average number of complaints in automobile, homeowner's and tenant's, individual accident and health, group accident and health, and life and annuities insurance.

Life Insurance and Annuities

- **NAIC Life Insurance Buyer's Guide**—A copy of *The NAIC Life Insurance Buyer's Guide* is available by calling 1-800-236-8517 (bulk copies may be obtained by calling the NAIC Office at 816-783-8301).
- **State Life Insurance Fund**—Information about the State Life Insurance Fund that offers life insurance to Wisconsin residents. This also includes a rate table and an application. For more information, call 1-800-562-5558 (Wisconsin residents only).
- **Understanding Annuities (PI-214)**—Explains the different types of annuity contracts, describes the various contractual features and discusses how to shop for an annuity.
- **Wisconsin Buyer's Guide to Annuities (PI-016)**—Describes annuities and provides consumer information.
- **Learning about the Office of the Commissioner of Insurance on the World Wide Web (PI-095)**—Provides information about OCI's home site on the Internet.
- **Other Sources of Help (OCI 51-051)**—Provides information on Small Claims Court.
- **Quejas de seguros y acciones administrativas (PI-130)**—Informe anual que enumera las compañías con un número de reclamaciones superiores a la media en los seguros del automóvil, de propietario de vivienda e inquilino, accidentes y salud individual y colectivo y seguros de vida y de renta.
- **Understanding How Insurance Companies Use Credit Information (PI-204)**—Tips to help you understand how your credit information may be used and how it may affect your insurance premiums.

Other

- **Consumer's Guide to Insurance (PI-051)**—Provides general information about health, life, auto, homeowner's, and worker's compensation insurance.
- **Fact Sheet on Credit Insurance (PI-205)**—Provides information on credit insurance.
- **Fact Sheet on Insurance Terminations, Denials, and Cancellations (PI-024)**—Summarizes the laws dealing with notice requirements when insurance coverage is terminated.
- **The Wisconsin Office of the Commissioner of Insurance (PI-059)**—Summarizes OCI's main functions, discusses employment opportunities, the civil service system, and pay and employee benefits.

Managed Care Specialist

The OCI managed care specialist, who serves as an ombudsman for consumers who have questions or problems with their managed care plans, is assigned to this unit. The managed care specialist investigates complex managed care complaints received by OCI and educates consumers on their rights under managed care plans. Administering the state's independent review program is the responsibility of the managed care specialist.

Independent Review Process

According to state insurance law, health insurance claimants have a right to an independent review of an adverse determination or an experimental treatment

determination by an insurer. These reviews are carried out by Independent Review Organizations (IROs) registered with OCI. Every year, IROs certified to do reviews in Wisconsin are required to submit to OCI a report for the prior calendar year's experience. The independent review process allows a consumer to appeal some health insurance claims denials to an independent third party. The results from the reports for calendar year 2006 are summarized below.

For more information on the independent review process, see the consumer brochure "Fact Sheet on the Independent Review Process in Wisconsin" available on OCI's Web site at http://oci.wi.gov/pub_list/pi-203.htm.

IRO	Total Received	Total Declined*	Number Adverse Determinations	Number Experimental Treatment Determinations	Number Both Adverse Experimental Treatment	Number (%) Reversed	Number (%) Partially Reversed	Number (%) Upheld
I PRO	38	0	20	16	2	6 (15.8%)	2 (5.3%)	30 (78.9%)
MAXIMUS	50	8	30	12	0	13 (31.0%)	4 (9.5%)	25 (59.5%)
Medical Review Institute of Am.	44	9	24	7	4	7 (20.0%)	2 (5.7%)	26 (74.3%)
Permedion	43	0	31	9	3	5 (11.6%)	3 (7.0%)	35 (81.4%)
Prest & Associates	9	5	3	1	0	1 (25.0%)	0	3 (75.0%)
Totals	184	22	108	45	9	32 (19.8%)	11 (6.8%)	119 (73.4%)

* An IRO may decline a case if it determines that the dispute is not eligible for an independent review, the request was received directly from the consumer, or the IRO has a potential conflict of interest.

The independent review program began in 2002. The chart below summarizes the total percent of insurers' decisions that were upheld and the total reversed in whole or in part by the IROs.

	Upheld	Reversed
2002	57.8%	42.2%
2003	65.3	34.7
2004	61.5	38.5
2005	66.9	33.1
2006	73.4	26.6

In order to be certified, an IRO must demonstrate that it is unbiased and that its clinical peer reviewers are qualified and independent. IROs must be recertified by OCI biennially.

IROs Newly Certified	IROs Recertified
MCMC, LLC	MAXIMUS
	Medical Review Institute of Am.
	Permedion

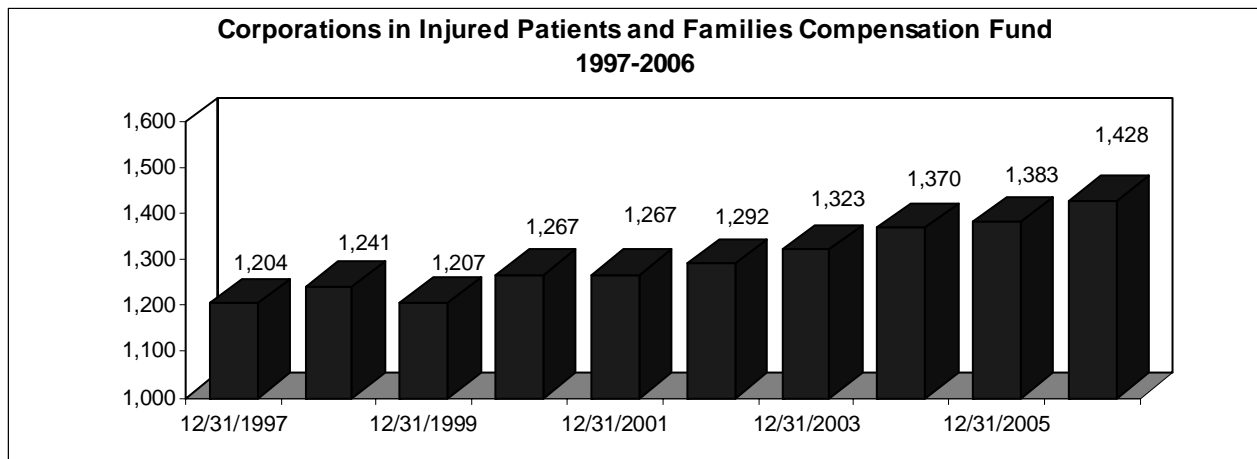
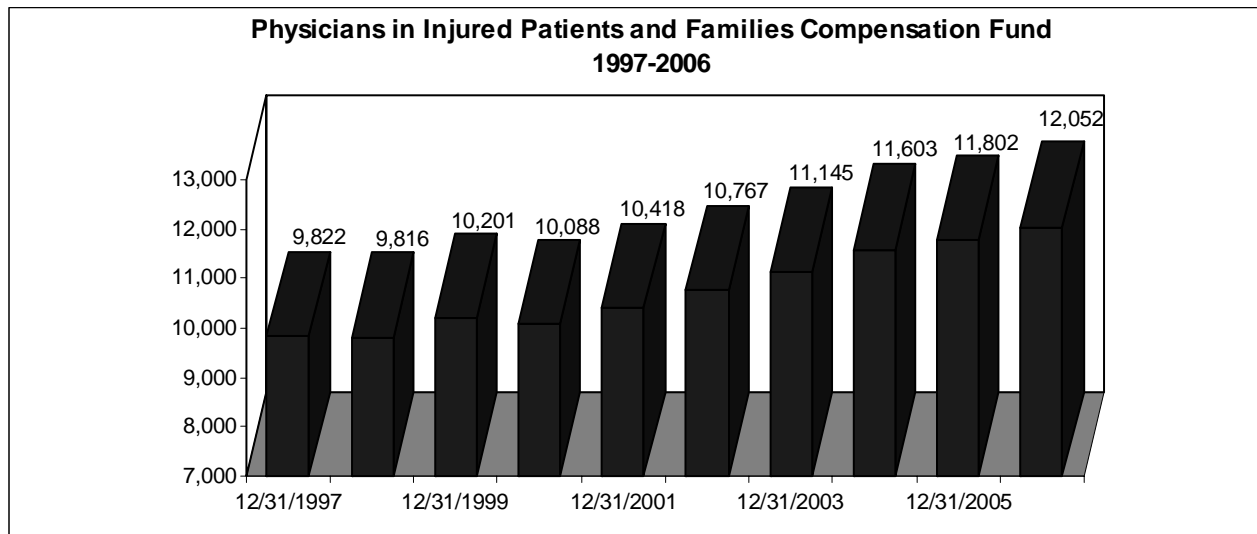
Injured Patients and Families Compensation Fund (Fund)

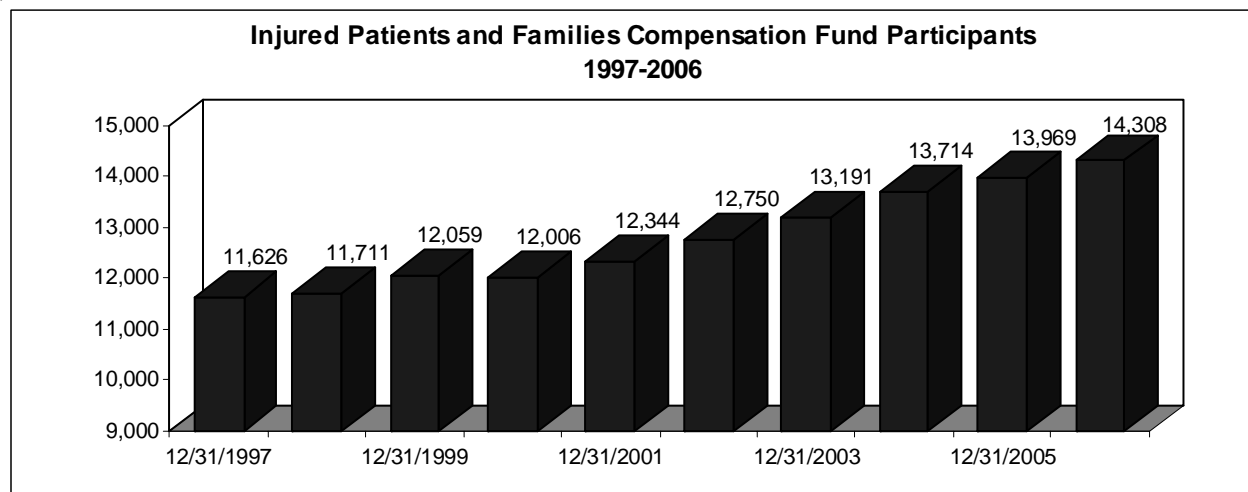
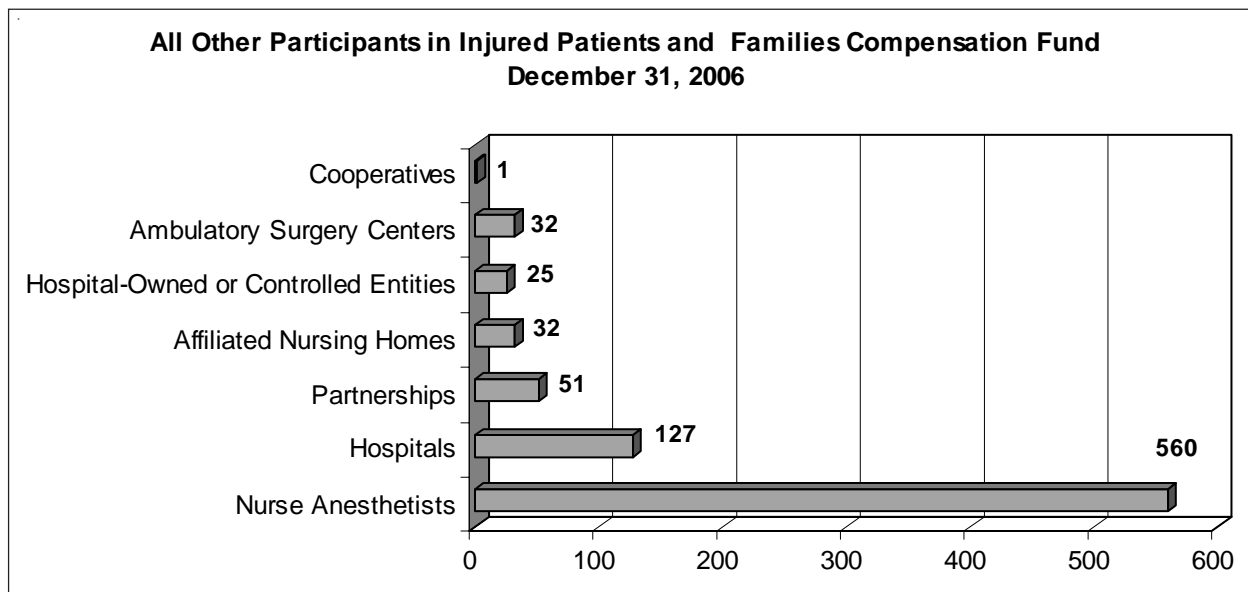
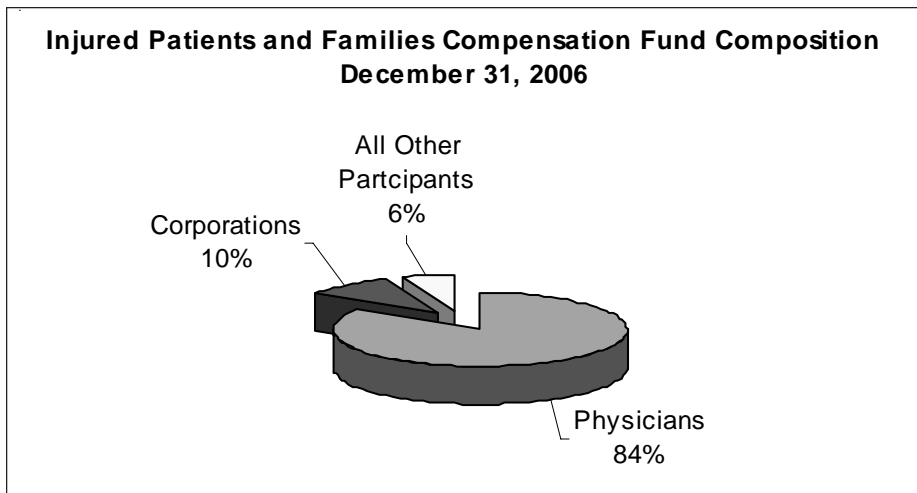
The Fund was created in 1975 to provide excess medical malpractice insurance for Wisconsin health care providers. The Fund is governed by a 13-member Board of Governors (Board) that consists of 3 insurance industry representatives, a member named by the Wisconsin Academy of Trial Lawyers, a member named by the State Bar Association, 2 members named by the State Medical Society of Wisconsin, a member named by the Wisconsin Hospital Association, 4 public members appointed by the Governor, and the Commissioner of Insurance who serves as the chair. The Fund's administrative staff is provided by OCI.

The Board is assisted by an Underwriting and Actuarial Committee, a Legal Committee, a Claims Committee, an Investment/Finance and Audit Committee, a Risk Management Steering Committee, and a Peer Review Council. The Board and its committees meet quarterly.

The Fund operates on a fiscal year basis—July 1 through June 30. Administrative costs, operating costs, and claim payments are funded through assessments on participating health care providers.

As of December 31, 2006, the vast majority of Fund participants were physicians at 84% with corporations comprising another 10% and the remaining 6% comprised of various other participant types, as illustrated in the charts below. At year-end 2006, Fund participants totaled 14,308 comprised of 12,052 physicians, 1,428 corporations, 560 nurse anesthetists, 127 hospitals with 32 affiliated nursing homes, 51 partnerships, 32 ambulatory surgery centers, 25 hospital-owned or controlled entities, and one cooperative.





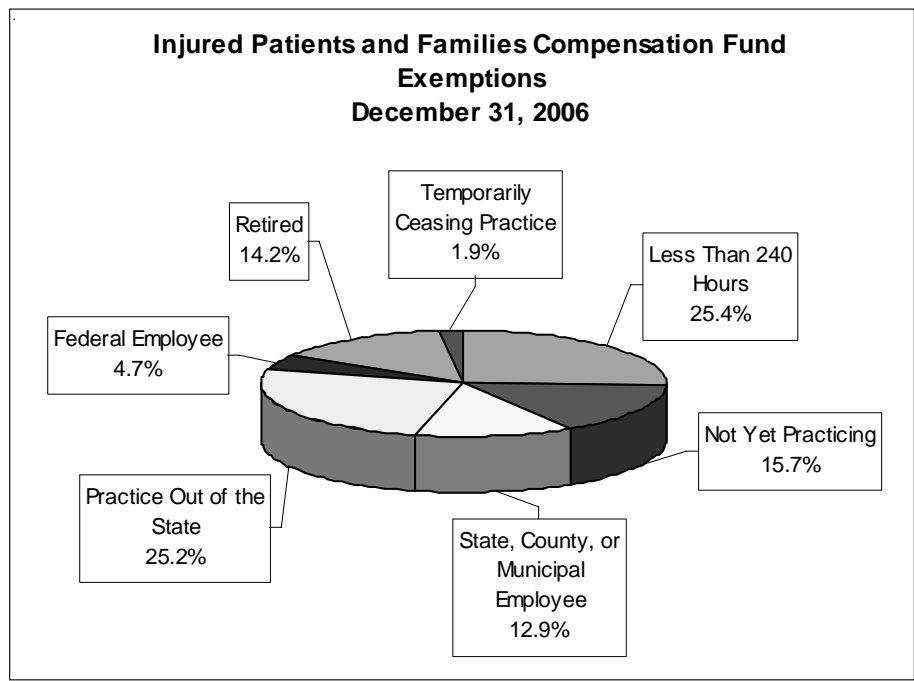
From July 1, 1975, through December 31, 2006, 5,372 claims had been filed in which the Fund was named. During this period, the Fund's total number of paid claims was 638, totaling \$633,080,789. Of the total number of claims in which the Fund has been named, 4,488 claims have been closed with no indemnity payment.

2006 Major Activities

- In July 2005, the Wisconsin Supreme Court issued its ruling in the Ferdon case in which the court declared the cap on non-economic damages to be unconstitutional. This decision results in a potentially significant impact financially to the Fund. Subsequently, a new non-economic damages cap of \$750,000 was established by the Legislature and signed into law by the Governor effective for incidents arising after April 6, 2006. Due to the long-tailed nature of medical malpractice, the actual effects of these decisions will not be quantifiable for some time. However, the ruling on the Ferdon case contributed to the Board's decision to increase fees by 25% for the 2006-2007 fiscal year. The effects of this decision will be closely monitored.
- In July 2006, the Wisconsin Supreme Court issued its ruling in the Bartholomew case in which the court declared that an injured party could receive damages for pain and suffering for the time prior to death. Specifically in this case the surviving spouse was able to recover the amount for wrongful death and

was also entitled to receive an amount for pain and suffering that his wife had experienced prior to her death. The decision resulted in many questions as to how this decision will be applied going forward. Fund administration, in conjunction with counsel, will closely monitor the cases which may be impacted by this decision. The cap on wrongful death was not affected by this decision. The caps currently are \$350,000 for an adult and \$500,000 for a child.

- Fund administration closely monitors the use of outside counsel. Pursuant to a court decision in 2000, the Fund hires separate defense counsel on each claim. Fund staff monitors the claims and the use of this outside counsel to ensure that while the Fund receives the necessary representation, that legal fees are controlled.
- Extensive work continued during 2006 to verify and process up-to-date exemption status for providers that held a license to practice in Wisconsin but for which a current exemption or certificate was not on file with the Fund. Providers that remain in noncompliance are referred to their respective licensing boards for enforcement action by that board. As of December 31, 2006, 10,620 providers claimed an exemption from the Fund. The various basis for the exemptions are illustrated in the chart below:



Wisconsin Insurance Report Business of 2006
Health Funds and Communications, Injured Patients and Families Compensation Fund

Following are financial statements—statement of net assets and statement of revenues, expenses and changes in Fund equity—for the Fund for the fiscal year ending June 30, 2006. The figures reported are on an unaudited basis.

Injured Patients and Families Compensation Fund
Statement of Net Equity
June 30, 2006, Unaudited

Assets	
Current Assets	
Cash	\$ 288,702
State Investment Fund Shares (market value)	13,615,000
Short-term Investments	69,732,703
Bond Investment Income Receivable	8,808,357
State Shares Interest Receivable	110,028
Assessments Receivable	44,538
Less: Allowance for Uncollectible Accounts	(90)
Prepaid Items	7,825
Office Supplies	2,222
Other Receivables	<u>18,828</u>
Total Current Assets	<u>92,628,113</u>
Noncurrent Assets	
Long-term Investments (market value)	653,770,093
Capital Assets, Net of Accumulated Depreciation	<u>0</u>
Total Noncurrent Assets	<u>653,770,093</u>
Total Assets	<u>\$746,398,206</u>
Liabilities	
Current Liabilities	
Future Benefits and Loss Liabilities - Short-term	\$ 83,234,000
Unearned Assessments Levied	1,147,488
Provider Refunds Payable	246,056
Medical Mediation Panels Payable	27,103
General & Administrative Expense Payable	105,537
Vouchers Payable	9,498
Compensated Absences	<u>9,088</u>
Total Current Liabilities	<u>84,778,770</u>
Noncurrent Liabilities	
Liability for IBNR	668,232,372
Liability for Reported Losses	80,205,847
Liability for LAE	<u>153,137,047</u>
Estimated Loss Liabilities	901,575,266
Less: Amount Representing Interest	<u>223,142,395</u>
Discounted Loss Liabilities	678,432,871
Liabilities for Future Medical Expenses	5,534,615
Contributions Being Held	<u>1,000,000</u>
Total Loss Liabilities	684,967,486
Less: Short-term Future Benefits & Loss Liabilities	<u>83,234,000</u>
Noncurrent Loss Liabilities	601,733,486
Premium Deficiency Reserve	0
Compensated Absences - Long-term	<u>25,830</u>
Total Noncurrent Liabilities	<u>601,759,316</u>
Total Liabilities	<u>686,538,087</u>
Net Equity	
Invested in Capital Assets, Net of Related Debt	0
Restricted for Injured Patients and Families	<u>59,860,119</u>
Total Net Equity	<u>59,860,119</u>
Total Liabilities and Net Equity	<u>\$746,398,206</u>

Injured Patients and Families Compensation Fund
Statement of Revenues, Expenses and Changes in Fund Net Equity
June 30, 2006, Unaudited

Operating Revenues:	
Assessments Levied (net of unearned)	\$ 18,930,808
Administrative Fee Income	39,772
Investment Income	31,554,730
Unrealized gain (adjustment to market value)	(23,027,471)
Change in Bond Premium (Discount)	(1,687,569)
Other Income	<u>4,439</u>
Total Operating Revenues	25,814,709
Operating Expenses:	
Underwriting Expenses:	
Net Losses Paid	26,096,418
Interest on Loss Payments	3,102,109
LAE Paid	3,784,654
Risk Management Expense	76,792
Medical Expense Paid	200,133
Change in Liability for IBNR	(147,084,619)
Change in Liability for Premium Deficiency Reserve	0
Change in Liability for Reported Losses	58,591,779
Change in Liability for LAE	110,371,912
Change in Amount Representing Interest	(62,157,991)
Change in Liability for Future Med Exp	<u>3,723,219</u>
Total Underwriting Expenses	(3,295,595)
General and Administrative Expenses	994,031
Interfund Transfers Out	11,039
Depreciation Expense	<u>0</u>
Total Operating Expenses	2,290,525
Net Operating Income (Loss)	28,105,234
Nonoperating Revenues (Expenses):	
Assessment Interest Income	51,725
Loss on Disposal of Fixed Assets	<u>(3,021)</u>
Total Nonoperating Revenues (Expenses)	<u>48,704</u>
Change in Net Equity	28,153,938
Net Equity	
Net Equity - Beginning of Period	<u>31,706,181</u>
Net Equity - End of Period	<u>\$ 59,860,119</u>