

May 5, 2003

To the Honorable Common Council
of the City of Milwaukee
Room 205, City Hall
200 East Wells Street
Milwaukee, WI 53202

Re: Claim Relating to HMO Health Insurance Plans

Dear Council Members:

In a claim dated November 6, 2002 and served on the City Clerk on November 11, 2002, the Milwaukee Police Association, Local 21, IUPA, AFL-CIO (MPA) filed a notice of claim against the City of Milwaukee pertaining to health insurance coverage provided to MPA members through two HMO plans.

The claim alleges that:

The collective bargaining agreement between the City and the MPA provides for health insurance for MPA members. That collective bargaining agreement provides, among other things, that for employees with single enrollment status, the City will contribute an amount towards meeting the subscriber cost for single enrollment in the HMO Plan elected, of up to 100% of the monthly subscriber cost of single enrollment in the HMO offered by the City which has the lowest single enrollment subscriber cost to the City. The collective bargaining agreement also provides that for employees with family enrollment status, the City will contribute an amount towards meeting the subscriber cost for family enrollment in the HMO Plan elected, of up to 100% of the monthly subscriber cost of family enrollment in the HMO offered by the City which has the lowest family enrollment subscriber cost to the City.

The City has contracted with only one HMO to provide health insurance coverage to members of the MPA beginning January 1, 2003. That HMO is

called Compcare Health Insurance Services Corporation [sic], and is also known as CompcareBlue.

The claim further asserts that the CompcareBlue Aurora Family HMO, which is offered as a health insurance option to City employees, “is not an HMO, and as such, cannot be the HMO having the lowest cost to the City. CompcareBlue is the *only* HMO offered by the City, with two networks as options within that HMO.”

The claim misapprehends the meaning of the term “HMO” under Wisconsin law.

The two HMOs offered by the City are the CompcareBlue Aurora Family HMO and the CompcareBlue HMO Traditional. Each of these health plans is a separate “HMO” as defined by Wisconsin insurance law.

Section 609.01(2) of the Wisconsin Statutes defines the term “health maintenance organization” as follows:

(2) “Health maintenance organization” means a health care plan offered by an organization established under ch. 185, 611, 613 or 614 or issued a certificate of authority under ch. 618 that makes available to its enrollees, in consideration for predetermined periodic fixed payments, comprehensive health care services performed by providers participating in the plan.

Section 609.01(5m) defines “provider” to mean “a health care professional, a health care facility or a health care service or organization.”

The foregoing statutes provide that a health maintenance organization (HMO) is defined by having a fixed periodic premium and a network of providers who participate in the plan. Both the CompcareBlue Aurora Family HMO and the CompcareBlue HMO Traditional separately meet these definitions. The two plans have mutually exclusive networks. None of the providers available to participants in the CompcareBlue Aurora Family HMO are available to participants in the Compcare Blue HMO Traditional, and vice versa. Each plan has a separate and different periodic premium rate schedule. Each plan is a separate HMO within the meaning of Wisconsin law.

The claim confuses the HMOs with their issuer, Compcare Health Services Insurance Corporation.

Each of the two HMOs, the CompcareBlue Aurora Family HMO and the CompcareBlue HMO Traditional, are both offered by the same issuer: Compcare Health Services Insurance Corporation. Compcare Health Services Insurance Corporation is listed by the office of the Wisconsin Commissioner of Insurance as a licensed health insurance issuer (specifically, as a stock insurance corporation under chapter 611 of the Wisconsin Statutes). As such, Compcare

The Honorable Common Council

May 5, 2003

Page 3

Health Insurance Services Corporation is the issuer who offers each of the two separate HMOs available to City of Milwaukee employees.

Very truly yours,

GRANT F. LANGLEY

City Attorney

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Assistant City Attorney

c: Ronald D. Leonhardt, City Clerk
Thomas J. Beamish
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