



STATE OF WISCONSIN

Department of Employee Trust Funds

Eric O. Stanchfield

Secretary

801 West Badger Road

P.O. Box 7931

Madison, WI 53707-7931

September 12, 2001

Connie O'Connell, Commissioner
Office of the Commissioner of Insurance
121 East Wilson Street
P.O. Box 7873
Madison, WI 53707-7873

Patricia Lipton, Executive Director
State of Wisconsin Investment Board
P.O. Box 7842
Madison, WI 53707

Subject: Private Employer Health Care Coverage Program

Dear Commissioner O'Connell and Director Lipton:

As you are aware Governor McCallum vetoed the provision in 2001 Wisconsin Act 16 that would have provided a loan of \$850,000 from the State Life Insurance Fund to the Private Employer Health Care Coverage Program (PEHCCP). As part of his veto message, the Governor asked the Department of Employee Trust Funds, the Office of the Commissioner of Insurance, and the State of Wisconsin Investment Board to explore any loan opportunities that would address needed program costs and conform to the investment requirements of the Investment Board.

Consistent with Governor McCallum's budget message, we are interested in exploring ways to obtain funds or to arrange a loan for the funds needed to begin operations of the Private Employer Health Care Coverage Program. Any suggestions you may have would be welcome, as our past experience suggests that implementation of this program cannot proceed without a source of funding to cover the costs of actuarial, legal, and marketing services. It is highly unlikely that we could even attract a qualified bidder to handle the administrative functions of the program absent some assurance that funds are available to cover these start-up costs.

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As a result, I suggest a meeting with appropriate staff to discuss alternative funding sources and under what conditions, if any, a loan to the PEHCCP could be made. If possible, we would like to meet or have a telephone contact prior to September 24, as we have a PEHCCP Board meeting that day and want to update our Board members on the funding status of the program. A member of my staff will be contacting you directly to schedule a convenient meeting time for you or your designee. Tom Korpady is serving as the contact person for Employee Trust Funds.

Thank you for your attention to this matter. If you have any questions, please don't hesitate to contact me at 266-0301.

Sincerely,

Eric O. Stanchfield
Secretary

cc: Private Employer Health Care Coverage Board
John Reinemann, Policy Advisor, Governor's Office
Tom Korpady, Administrator, Division of Insurance Services, DETF
Phillip Borden, Program Director, PEHCCP