



## Alerts

### Wisconsin Allows Cooperative Associations to Expand Health Care Services

**March 23, 2010**

*Hinshaw Health Law Alert*

On March 15, 2010, Wisconsin Governor Jim Doyle signed into law a bill designed to provide additional competition in the health insurance market by allowing cooperative associations to sell health care services to nonmembers and to expand the services they offer. Previously, associations were allowed by law to be organized on a cooperative nonprofit basis to establish and operate what were called “sickness care plans” for their members through contracts with providers. The new law makes a number of changes to those provisions, including renaming “sickness care plans” as “health care plans.”

The new law allows cooperative associations to establish and maintain health care plans as their primary purpose, rather than their exclusive purpose. Additionally, cooperative associations are now specifically allowed to own an interest in other entities for the purpose of improving member services or for investment.

Further, although cooperative associations are generally not permitted to spend more than five percent of capital stock or membership fees on promotional expenses, this limit now does not apply to cooperative associations operating health care plans. Cooperative associations will thus be able to market their health care plans more heavily.

The new law also allows cooperative associations to offer services to nonmembers, a practice which had previously been barred. Additionally, it permits cooperative associations to contract for the payment of cash or other benefits to a subscriber, or his or her estate, in the event of death, illness or injury.

Finally, the new law allows cooperative associations to enter into contracts for services with additional types of providers and to stipulate in their plans that the cooperative association will pay nonparticipating physicians and surgeons, optometrists, chiropractors, dentists, podiatrists, and other providers for health care provided to a covered person, regardless of whether the care given is inside or outside the association’s normal territory.

These new changes allow cooperative associations to expand the care that they provide and to market their services more competitively. The changes may have a significant impact on the role of cooperative associations in the provision of health care coverage in Wisconsin.

For more information, please contact [Lora L. Zimmer](#) or your regular [Hinshaw attorney](#).

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