20 WISCONSIN PLAN OF PREPAID SURGICAL, OBSTETRIC AND HOSPITAL INSURANCE

BY

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INTRODUCTION

The purpose of this paper is to explain the provisions of a voluntary plan of prepaid insurance for surgical and hospital care inaugurated in the state of Wisconsin late in 1945. The complete title of this insurance plan is "Wisconsin Plan of Prepaid Surgical, Obstetric and Hospital Insurance". It will be referred to in this paper under the popular name of "Wisconsin Plan".

Since this Wisconsin Plan has been in effect less than a year, the scope of this paper will be limited to a factual presentation of its historical development, policy provisions and rates.

It seemed desirable to record in our Proceedings for future reference and study the essential features of this pioneer effort to solve a health problem on a voluntary basis through cooperation between a state medical society and private insurance carriers.

HISTORY

In 1944, the House of Delegates of the State Medical Society of Wisconsin authorized the creation of a special committee to confer with insurance carriers licensed in Wisconsin to ascertain if it would be possible to secure the extension of sickness care policies written by insurance companies upon such a basis that protection could be offered with a premium structure that would particularly appeal to the low-income population groups. The aim was to formulate a model policy in the health insurance field to which the medical profession could give its unqualified support and to which insurance carriers could subscribe, and which would receive popular acceptance by employees and employers throughout the state. The objectives were:

1. Protection broad enough to relieve the minds of the people from the worries of surgical, obstetric and hospital bills.
2. A cost low enough to enable most of the people of the state to be brought under the protection of the plan.
3. A system that would retain for each individual his right of complete freedom in the selection of doctors and hospitals.
4. A plan that would raise the standards of public health through the encouragement of prompt surgical, obstetric and hospital care when needed.

This Medical Society committee and a committee representing insurance carriers interested in furthering a plan of prepaid surgical and hospital care, met jointly at frequent sessions during 1945 to

work out the provisions of the eventual Wisconsin Plan.

The Medical Society committee desired to keep the Society "out of the insurance business" and devoted major attention to surgical provisions and the schedule of benefits. The insurance company representatives tailored the provisions of life insurance group policies for use with the Wisconsin Plan and established a schedule of basic rates.

The committees did not adopt the usual medical society plan provision relative to payment for physician's services. In most of these medical society plans, if the funds were not sufficient to pay according to the schedule, the physicians were paid on a lower pro-rated basis. If the patient's income exceeded a specified limit, the physician could charge the patient the difference up to the amount of his usual fee. The Wisconsin Plan allows physicians to make higher charges to persons in families with income above specified amounts.

An important feature of the Wisconsin Plan was its adoption of the best features of two existing plans: (1) insurance company group policies and (2) medical society sponsored plans. The insurance companies retained jurisdiction and control of all insurance provisions and rates under policy forms approved by the Wisconsin Insurance Department. The Medical Society directed its attention to approval of the schedule of benefits and the enrollment of physicians under the Plan.

WISCONSIN PLAN CONTRACTS

There are two basic contracts provided under the Wisconsin Plan - an insurance policy and a participating physicians' agreement with the State Medical Society to accept amounts within a fee schedule in full payment for services.

The insurance policy is a regular disability insurance contract between the insurance company and one of three types of policyholders - a group, franchise, or an individual policyholder or family head. Under the Wisconsin laws, it is possible to write group insurance upon groups of ten or more while franchise policies may be written on groups of three or more. Policies may be written upon groups having a common employer, members of a cooperative, labor unions, or similar organizations with purposes other than that of obtaining insurance.

An insurance company can participate in the Wisconsin Plan if it is licensed in the state of Wisconsin and makes application to the State Medical Society. The application must include a copy of the policy which the applying carrier intends to use. Any policy providing benefits as established for the Wisconsin Plan receives Medical Society approval. Twenty-three companies now participate in the Wisconsin Plan.

Participating doctors have an agreement with the State Medical Society of Wisconsin referred to as the "Full Payment Provision" that their charges for operations will not exceed the benefits provided in the insurance policy for all insured employees without dependents whose yearly income does not exceed $2,080 ($40 for a 40-hour week) and for all those with dependents whose yearly income does not exceed $2,600 ($50 for a 40-hour week) (Exhibits E and F). The entire amount of the physician's or surgeon's fee for any operation, including the usual pre-operative and post-operative care, is paid in full according to this Full Payment Provision. Anesthesia and radiology benefits are paid in addition to the surgical fee.

Surgery for persons with higher yearly incomes and persons receiving care from a non-participating physician or surgeon or one who resides outside the state is paid for up to the amounts specified in the policy.

POLICY PROVISIONS

A complete Wisconsin Plan policy consists of a Master Disability Policy (Exhibit A); a Schedule of Benefits and Premium Rates for Employees Hospital and Surgical Expense Benefits (Exhibit B); a Rider providing Benefits with respect to Dependents, including Maternity Benefits (Exhibit C); and a Schedule of Surgical Expense Benefits (Exhibit D).

The Exhibits contain the exact provisions of a Master policy, the riders and the fee schedule. All exhibits relate to the Group basis. The coverage and policy provisions are similar for policies written on the Franchise or Individual bases except for a few minor differences. There follows a digest and interpretation of the important policy, rider and fee schedule provisions.

Hospital Expense Benefits

The policy provides that if the employee (or dependent) shall sustain accidental bodily injury or contract sickness and thereby becomes confined in a hospital, the company will pay to the employee an amount up to the Maximum Daily Benefit of $5 per day, for not more than 31 days, of hospital charges actually incurred by the insured employee for room and board during such confinement, and the amount of all other hospital charges for therapeutic services, including ambulance service to and from the hospital, but not including special nursing services, during such confinement, subject to a maximum per confinement, for all hospital charges including room and board, of 36 times the Maximum Daily Benefit or $180, except that with respect to hospital confinement due to any

one pregnancy, including resulting childbirth, abortion or miscarriage, such maximum shall be fourteen times the Maximum Daily Benefit. These benefits are payable from the first day for a maximum period of 31 days for any one disability. There is no limit to the number of unrelated disabilities or total number of days of hospital residence in any one year.

The maximum benefits per confinement for all charges incurred in the hospital, including room and board, is $180. Charges of any hospital for room and board are paid up to $5 per day up to 31 days for each period of disability, a maximum of $155. The difference between the amount paid for room and board and $180 is available for payment of other charges by the hospital. For example, a seven-day stay in the hospital at $5 per day would permit payment up to $145 for miscellaneous services in addition to $35 for room and board; or a hospital stay of ten days at $4 would permit payment up to $140 for miscellaneous services in addition to $40 for room and board. Hospital benefits are also provided for maternity cases, with the maximum benefit per confinement in these cases being $70.

Benefits for hospital room and board and other hospital charges will be paid with respect to a hospital confinement for which a hospital room charge is made. If the only hospital charge is for emergency treatment for accidental bodily injury, no room charge is necessary to collect for other hospital charges. All cases, however must be under the care of a legally qualified physician or surgeon.

Surgical Expense Benefits

The policy provides that if the employee (or dependent), because of accidental bodily injury or sickness, shall undergo a surgical operation, whether performed inside or outside a hospital, specified in the Schedule of Surgical Expense Benefits, the company will pay to the employee the amount specified in said Schedule for the operation, but not more than the surgical fees actually incurred for such operation, subject to a maximum for all operations performed during one period of disability, of $150.

When an operation described in the Schedule of Surgical Expense Benefits is performed outside of a hospital, the benefits described under Miscellaneous Procedures are payable up to a maximum of $15 for anesthesia and $35 for radiology, but not more than $150 for the combined surgical, anesthesia and radiology procedures. For operations performed in a hospital, charges for anesthesia and radiology are paid to either the hospital or the doctor subject to the overall maximum hospital allowance of $180 and the $150 surgical expense maximum. In the event that several operations are required during the period of disability, payment will be made for each,

but the total amount paid for all operations during any one period of disability shall not exceed $150.

General Provisions

Maternity and Obstetrical Benefits Waiting Period - With respect to benefits on account of pregnancy, including resulting childbirth, abortion or miscarriage, an employee does not become an insured employee until nine months after she has become such an employee with respect to other benefits under the policy. This provision does not apply to any employee who became an insured employee on the effective date of a group policy or within 31 days thereafter. All other employees as well as dependents become eligible to receive maternity and obstetrical benefits after being insured for nine months.

Under group policies, maternity and obstetric benefits are thus available immediately for all women employees enrolled under the plan within 31 days following the effective date of the policy. Thereafter, these benefits are effective after a waiting period of nine months. Under all individual and franchise policies, there is a waiting period of nine months for maternity and obstetric benefits. Dependents, under all contracts, receive the maternity and obstetric benefits only after a nine months' waiting period, unless an extra premium payment is made for immediate coverage under a group policy.

The entire amount of the physician's or surgeon's charge for obstetric care, including pre-natal and post-natal care, is paid under the terms of the Full Payment Provision. Payment is made whether or not confinement be in a hospital. For all those who do not qualify under the full payment clause, benefits are paid as specified in the policy.

In addition, if confinement is in a hospital, up to $70 is paid to cover all hospital charges due to pregnancy or childbirth, subject to the maximum of $5 per day for hospital room and board.

Period of Disability - Successive periods of hospital confinement or successive operations shall be considered to have occurred during one period of disability unless the subsequent confinement commences, or unless the subsequent operation is performed, after return to active work on full time (in the case of an employee) and after complete recovery from the injury or sickness causing the previous confinement or operation, or unless the subsequent confinement or operation is due to causes entirely unrelated to the causes of the previous confinement or operation.

Payment of Claims - Subject to due proof of claim, the Hospital and Surgical Expense Benefits will be paid immediately upon receipt of such proof. Under the provisions of the insurance policy, pay-

ments are made to the employee but if he qualifies under the Full Payment Provision, he directs the insurance company to pay the surgical benefits to the physician by completing a "Direction to Pay and Physician's Agreement" (Exhibit F). The physician signs the same agreement that his charges for services will not exceed those provided in the Schedule of Surgical Expense Benefits.

In the case of all hospital expense, and surgical expense for persons not eligible under the Full Payment Provision, the insurance companies can make payments direct to hospitals or physicians upon authorization by the insured employee.

In case of death of the employee, the Company may pay to the hospital, physician or surgeon, on whose fee claim is based, any sums due under the policy and such payments shall fully discharge, to the extent of the amounts so paid, all liability of the company with respect to such claim.

Extension of Benefits - If an employee (or dependent) becomes confined in a hospital or has an operation, for causes other than childbirth, abortion or miscarriage, after termination of insurance but prior to the expiration of the three-months' period immediately following such termination, and if due proof is furnished that the confinement or operation would result in a valid claim under the policy were the insurance in force at the commencement of such confinement or date of such operation, the company will recognize this as the basis for such claim, provided:

(a) the confinement or operation was the result of an injury which was sustained or sickness resulting in disability which began during the policy period and

(b) the employee (or dependent) was totally disabled by such injury or sickness when the insurance terminated and remained continuously so disabled until confined or until such operation was performed.

Hospital confinement and obstetrical operation for childbirth, abortion or miscarriage will also be recognized as the basis for a claim under the policy if the confinement commences or the operation is performed within nine months after termination, provided the confinement or operation would result in a valid claim were the insurance in force at the time of the confinement or operation, and provided termination of insurance was not due to failure of the employee to continue any agreed contributions towards premium payments while remaining eligible for the insurance.

Free Choice - The employee (or dependent) shall be granted free choice of any legally constituted hospital, or legally qualified physician or surgeon.

Exclusions

The insurance under the Wisconsin Plan does not apply: (a) to

disability due to bodily injury arising out of or in the course of the employee's (or dependent's employment, nor to disability due to occupational or other disease or sickness covered by any applicable workmen's compensation or occupational disease law; (b) to disability for which the employee (or dependent) is not treated by a legally qualified physician or surgeon.

Payment of Premiums

Premiums are payable monthly, quarterly, semi-annually or annually. Group policies can be issued on the non-contributory basis insuring all eligible employees without contribution on their part toward the payment of premiums as respects themselves or their dependents, with the employer paying the entire premium. Group policies can also be issued on the contributory basis insuring all eligible employees who subscribe to the plan and agree to contribute toward the payment of premiums as respects themselves or their dependents or both. The underwriting rules of some of the companies require that the employer's contribution must be at least 25% of the total premium. Another requirement of most of the companies is that if the contributory plan is applied for, at least 75% of the eligible employees must subscribe before it becomes effective. Since the Wisconsin Plan must cover both employees and dependents, at least 75% of the eligible employees having dependents must subscribe to the plan both for themselves and their dependents.

RATES

The committee of insurance carriers, having determined the basic coverage to be afforded, naturally turned to the rates which had been developed by the actuaries of the large life insurance companies as a basis for promulgating Wisconsin Plan rates.

The basic monthly rate, common to many of the life companies, which had been developed for Hospital Expense for employees was $.11 per $1 daily benefit for policies on a fixed daily benefit basis and $.10 on a reimbursement basis. Policies on the fixed daily benefit basis would pay the face amount, for example $5, for each day of hospital confinement while the policies on a reimbursement basis would pay only the actual hospital expense per day subject to a maximum of $5 per day. The $.10 basic monthly rate was adopted for the Wisconsin Plan because the hospital expense thereunder is on the reimbursement basis.

In the case of Surgical Expense the schedule of benefits recommended by the Medical Society committee contained a higher fee schedule and was more comprehensive than that in the policies of the life insurance companies. The insurance company committee

estimated that the increased fee schedule under the Wisconsin Plan would cost about 25% more for employee's Surgical Expense. Therefore, the basic 40 cent rate being used by many of the life insurance companies was increased to 50 cents for Surgical Expense coverage for employees under the Wisconsin Plan.

In like manner, a comparison was made between the expected cost under the Wisconsin Plan as compared with the life insurance company policies for dependents' Hospital and Surgical Expense. As in the case of employees' coverage, the basic rates for dependents' coverage were keyed to the life company basic rates, adjusted to take into account any increased benefits under the Wisconsin Plan. The loadings for sex and race, age and industry were established to conform with similar loading schedules developed by life insurance company actuaries.

The "package policy" idea developed early in the studies leading up to the final Wisconsin Plan. With a package policy in mind, the basic rates were developed in terms of uniform provisions. The 31-day maximum was adopted for Hospital Expense. The reimbursement plan of payment subject to a maximum $5 per day was selected as the standard. Maximum hospital benefits were fixed at 36 times the daily maximum or $180. For maternity cases, the maximum was set at 14 times the $5 daily rate or $70.

Complete family protection is an objective under the Wisconsin Plan. Both employees' and dependents' Hospital and Surgical Expense Coverage must be written. Coverage for employees only cannot be written under the Wisconsin Plan.

The rates and loadings in the following sections of this paper are those from the filing of one of the companies with the Wisconsin Insurance Department.

WISCONSIN PLAN GROUP RATES

	Monthly Rates
Employees Hospital (.10 per $1)	$ .50
" Surgical	.50
	$ 1.00

	Number of Dependents		
	One	More than One	Composite*
Dependents Hospital and Surgical	$2.90	$4.00	$3.50
Total - Employee and Dependents	3.90	5.00	4.50

*A composite rate is a single rate for dependents' coverage regardless of the number of dependents.

Above rates are subject to the following loadings:

Employees Hospital - Sex and race, age, industry
" Surgical - Sex and race, age
Dependents Hospital and Surgical - Race

Schedule of Loadings

1. Sex and Race Loading

Percentage of Total Benefits for which Female and Non-Caucasian Employees are Eligible:	Percentage Loading of Basic rate
Less than 11%	None
11% but less than 21%	15%
21% " " " 31%	25%
31% " " " 41%	35%
41% " " " 51%	45%
51% " " " 61%	55%
61% " " " 71%	65%
71% " " " 81%	75%
81% " " " 91%	85%
91% " " " 101%	95%
etc. to	
191% or more	195%

2. Age Loading

Percentage of Benefits on Employees Age 60-69 plus 3 times % of Benefits on Employees Age 70 and Over	Percentage Loading of Basic Rate
Less than 15%	None
15% but less than 25%	10%
25% " " " 35%	15%
35% " " " 45%	20%

3. Industry Loading

Classification of Industries

Industry	Min. Percentage Loading
Breweries, wine manufacturers, wholesale liquor dealers, and wine merchants	15%
Distilleries of ethyl or methyl alcohol or alcoholic beverages	15%
Furriers	15%
Gypsum, Lime cement (no quarrying)	15%

Industry	Min. Percentage Loading
Hot Metal Industries (Steel Works; Rolling Mills; Tube, Rod and Pipe Mills; Wire Drawing; Malleable Iron Works; Foundries Smelting and Refining - except lead and zinc)	15%
Marble and Stone yards - No cutting and polishing	15%
Mines (Surface and Underground and quarries)	40%
Railroads	25%
Refractories	15%
Smelting and refining	15%
Tanneries	15%
Textiles Industries, including any and all operations from the receipt of the raw material to and including spinning, weaving, knitting, braiding, bleaching, dyeing and finishing of any product from cotton, wool, rayon, hemp, jute, silk and linen. (This applies only in Ala., Ark., Fla., Ga., Ky., La., Md., Miss., Mo., N.D., Okla., S.C., Tenn., Texas, Va., and W. Va.)	15%
Woodsmen and loggers	25%

4. Extra Charge for Immediate Maternity - Immediate maternity benefits for employees' wives insured on the policy date, or within 31 days thereafter, are not included in the basic rates but may be provided on payment by the employer of the additional single premium indicated below with respect to each such wife. The additional single premium may be paid in one sum or in 12 monthly installments. In the latter case, the payments must be continued for the full 12 months even though the employee's services may terminate before the expiration of the 12 months' period.

		Hospital Expense	Surgical Expense
Either:	One sum, payable at issue	$4.00	$4.20
Or:	12 Monthly installments of:	.35 per mo.	.35 per mo.

Special Rating for Group Risks

The Wisconsin Plan has not been in effect for a sufficient time for special rating based upon loss experience. These special rating plans will vary with the different carriers but are expected to recognize the variance in a group risk's loss experience from normal or expected in one of two ways: (a) an experience rating plan;or (b) a retrospective rating plan similar to that in effect in the Workmen's Compensation risk underwriting.

WISCONSIN PLAN FRANCHISE AND INDIVIDUAL RATES

Combined Hospital and Surgical - Monthly Rates

	Franchise	Individual
Insured Male	$1.10	$1.20
Insured Female	1.70	1.90
Additional Rates for Dependents' Hospital and Surgical:		
A Dependent Spouse	3.30	3.50
A Minor Dependent	2.20	2.40
Two or More Dependents	4.40	4.80

FUTURE DEVELOPMENT

The short time that the Wisconsin Plan has been in existence does not permit too many observations as to its current success and probable future development.

More flexibility may be desirable in some of the aspects of the Wisconsin Plan which are not responsive enough to changing conditions or variable conditions throughout the state.

The Full Payment Provision applies to persons without dependents and with incomes less than $40 per week or $50 or less per week for persons with dependents. Measured by current salary and wage levels these limits do not include a large enough proportion of the insured persons under the Full Payment Provision. Now pending for consideration is a proposal to change these income limits to $2,000 per year for persons without dependents and to $3,600 for persons with dependents.

Wisconsin Plan basic rates are now keyed to a $5 per day hospital expense benefit. To reduce the cost of employers and employees it may be necessary to allow a lower amount per day as better adapted to needs outside metropolitan areas of the state.

The Wisconsin Plan covers surgical, obstetric and hospital expense for employees and dependents. Most carriers will endorse

their policies to cover Medical Expense Benefits for professional visits by physicians. This is typical of some extensions of coverage which may be added in the future to the Wisconsin Plan.

The currently favorable loss experience of many of the companies which have written hospital and surgical expense under the Wisconsin Plan is not too reliable. The period of the experience has been too short to pick up the normal lag in actual incurred losses. First year expenses of the companies have been high and there is yet no backlog of renewals to average down the expense ratio.

The status of cooperative ratemaking under state regulation after the expiration of the moratorium in Public Law 15 on January 1, 1948, may have a decisive effect on this Wisconsin Experiment. However, the public demand for adequate hospital and surgical care is too deep-rooted to materially halt its progress. Industry, the medical society, and the private insurance companies must and will continue to provide this social insurance within whatever Federal legal framework is developed.

The future loss experience and the ability of the private insurance companies to carry out a social insurance program at a low cost commensurate with satisfactory service will influence public acceptance of the idea embodied in the Wisconsin Plan.

GROUP DISABILITY POLICY

BLANK INSURANCE COMPANY

(A mutual insurance company, herein called the company)

Agrees with the employer named in the copy of the application and in the schedule of benefits, both of which are made a part hereof, in consideration of the payment of the premium and in reliance upon the statements in the application and subject to the exclusions, conditions and other terms of this policy:

INSURING AGREEMENTS

I Coverage. To pay the benefits provided by this policy to any insured employee who sustains disability resulting from accidental bodily injury or sickness.

II Insured Employees. If the insurance is afforded under the non-contributory plan the insured employees are those eligible for the insurance.

If the insurance is afforded under the contributory plan employees in the eligible classes, as stated in the application, who agree to contribute become insured employees

(a) upon the date of eligibility if request for the insurance is made prior to that date, or

(b) upon the date of such request if made within the first thirty-one days of eligibility, or

(c) upon the date the company determines evidence of insurability to be satisfactory, such evidence to be furnished at the expense of those employees who request insurance more than thirty-one days after the date of their eligibility, or who request reinstatement of their insurance after it has been discontinued because of their failure to make any agreed contributions when due,

but the insurance shall not be invalidated as to any employee by failure of the employer to record or report his written request for the insurance.

Enrolled employees, in an eligible class, of the subsidiary or affiliated companies named in the application shall be deemed insured employees.

If an employee is not at work on the date when he would otherwise become insured the effective date of such employee's insurance shall be the date of his return to work.

An employee shall cease to be an insured employee at the earliest time indicated below:

(a) when he fails to make any agreed contribution when due,

(b) when he ceases to be within a class of employees eligible for the insurance,

(c) when he is pensioned or retired,

(d) when his employment terminates,

(e) when he is absent from work for more than 31 consecutive days by reason of authorized vacation, temporary lay-off or leave of absence.

III Policy Period, Renewals. This policy applies only to disability which begins during the policy period.

On the date stated in the schedule of benefits as the end of the policy period and on each anniversary thereof this policy is renewable for an additional annual period by the payment of the premium, in accordance with the provisions of this policy, at the company's premium rates in effect at the time of such renewal, provided the number of insured employees is, if the insurance is under the contributory plan, not less than seventy-five per cent of those eligible or, if the insurance is under the non-contributory plan, not less than the total number of those eligible and in either case not less than the minimum provided by law.

EXCLUSIONS

This policy does not apply:

(a) to disability due to bodily injury arising out of or in the course of the employee's employment, nor to disability due to occupational or other disease or sickness covered by any applicable workmen's compensation or occupational disease law;

(b) to disability for which the employee is not treated by a legally qualified physician or surgeon.

CONDITIONS

(Under this section are 16 conditions of a type standard in all group policies.)

PARTS I AND II
SCHEDULE OF BENEFITS AND PREMIUM RATES

Group Disability Policy No.

BLANK INSURANCE COMPANY

Name of employer

Policy Period: From to 12:01 A. M., *standard time at the address of the employer as stated in the application.*

The insurance afforded is only with respect to the benefits stated in such Part or Parts of the Schedule of Benefits as are indicated by the entry of a premium rate. The entry of the letter "X" indicates that no insurance is afforded with respect to such Part.

BENEFITS *The benefits are in such amounts as are shown in the application as applicable to the class of which the employee is a member.*	PREMIUM BASES	MONTHLY PREMIUM RATES
PART I. Hospital Expense Benefits	Per $1 of Daily Benefits in Force	
PART II. Surgical Expense Benefits	Per $150 of Benefits in Force	

Part I.—Hospital Expense Benefits—The benefits under this Part consist of payments for hospital expense as follows, subject to the following provisions:

Up to the Maximum Daily Benefit per day, for not more than days, of hospital charges actually incurred by an insured employee for room and board during one confinement because of accidental bodily injury sustained or sickness contracted by such employee, and the amount of all other hospital charges for therapeutic services, including ambulance service to and from the hospital, but not including special nursing services, during such confinement, subject to a maximum per confinement, for all hospital charges including room and board, of times the Maximum Daily Benefit, **except that with respect to hospital confinement due to any one pregnancy, including resulting childbirth, abortion or miscarriage, such maximum shall be fourteen times the Maximum Daily Benefit.**

Benefits for hospital room and board and other hospital charges will be paid only with respect to a hospital confinement for which a hospital room charge is made, but if the only hospital charge is for emergency treatment for accidental bodily injury the room charge requirement is inapplicable.

With respect to benefits under this Part, on account of pregnancy, including resulting childbirth, abortion or miscarriage, an employee shall not become an insured employee until nine months after she has become such an employee with respect to other benefits under this policy. This provision does not apply to any employee who became an insured employee on the effective date of this policy or within thirty-one days thereafter.

Successive periods of hospital confinement shall be considered one period of confinement unless the subsequent confinement commences after return to work on full time and after complete recovery from the injury or sickness causing the previous confinement, or unless the subsequent confinement is due to causes entirely unrelated to the causes of the previous confinement.

Part II.—Surgical Expense Benefits—The benefits under this Part consist of payments in accordance with the Schedule of Surgical Expense Benefits, made a part hereof, subject to the following provisions:

Payment under this Part for any one operation shall not exceed the fees actually incurred by an insured employee for such operation nor the applicable amount stated in the schedule for such operation, and the total payments for all operations performed during one period of disability shall not exceed the applicable Maximum Benefit.

With respect to obstetrical operations an employee shall not become an insured employee until nine months after she has become such an employee with respect to other benefits under this policy. This provision does not apply to any employee who became an insured employee on the effective date of this policy or within thirty-one days thereafter.

Successive operations shall be considered to have been performed during one period of disability unless the subsequent opera-

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Date of Issue Countersigned

tion is performed after return to work on full time and after complete recovery from the injury or sickness causing the previous operation, or unless the subsequent operation is due to causes entirely unrelated to the causes of the previous operations.

FURTHER PROVISIONS

1. **Definition of Disability.** The word "disability" shall mean, (1) when used in connection with Part I, hospital confinement for which benefits are afforded, or (2) when used in connection with Part II, undergoing a surgical operation for which benefits are payable under the Schedule of Surgical Expense Benefits.

2. **Extended Insurance Benefits.** If an employee becomes confined in a hospital, or undergoes an operation, for causes other than childbirth, abortion or miscarriage, after termination of insurance but prior to the expiration of the three months' period immediately following such termination, and if due proof is furnished that the confinement or operation would result in a valid claim under this policy were the inssurance in force at the commencement of such confinement or date of such operation, the company will recognize this as the basis for such claim, provided (a) the confinement or operation was the result of an injury which was sustained or sickness resulting in disability which began during the policy period; (b) the employee was totally disabled by such injury or sickness when the insurance terminated and remained continuously so disabled until confined or until such operation was performed.

Hospital confinement and obstetrical operation for childbirth, abortion or miscarriage, will also be recognized as the basis for a claim under this policy if the confinement commences or the operation is performed within nine months after termination, provided the confinement or operation would result in a valid claim were the insurance in force at the time of the confinement or operation, and provided termination of insurance was not due to failure of the employee to continue any agreed contributions toward premium payments while remaining eligible for the insurance.

PARTS IA AND IIA

RIDER PROVIDING BENEFITS WITH RESPECT TO DEPENDENTS
(Including Maternity Benefits)

Effective Date of this Rider Date of Issue

BLANK INSURANCE COMPANY

(A mutual insurance company, herein called the company)

Agrees with

(herein called the Employer)

named in the copy of the application, in consideration of the payment of the additional premium and subject to the provisions of Policy No. of which this Rider forms a part, that such insurance as is afforded by said policy with respect to insured employees is extended to insure such employees with respect to their dependents subject to the following provisions:

Except as used with reference to eligibility, the word "employee" as used in the policy, other than in this Rider, to apply to the insurance afforded by virtue of this Rider shall mean "dependent".

The insurance afforded such insured employees with respect to their dependents is only with respect to the benefits stated in such Part or Parts of the Supplementary Schedule of Benefits as are indicated by the entry of a premium rate. The entry of the letter "X" indicates that no insurance is afforded with respect to such Part.

SUPPLEMENTARY SCHEDULE OF BENEFITS		
BENEFITS The benefits are in such amounts as are shown in the application as applicable to the class of which the employee is a member.	PREMIUM BASES	MONTHLY PREMIUM RATES
PART IA. Hospital Expense Benefits	Per $1 of Daily Benefits in force for Children Wife Wife and Children Composite*	
PART IIA. Surgical Expense Benefits	Per $150 of Benefits in force for Children Wife Wife and Children Composite*	

*Determined on the basis of the distribution of insurance at effective date of this Rider and to be used in computing the premiums for this Rider.

EXCLUSIONS

This Rider does not apply:

(a) to disability due to bodily injury arising out of or in the course of the dependent's employment, nor to disability due to occupational or other disease or sickness covered by any applicable workmen's compensation or occupational disease law;

(b) to disability for which the dependent is not treated by a legally qualified physician or surgeon;

(c) if the application shows that the maternity benefits applied for are subject to a nine months waiting period the insurance does not apply with respect to hospital confinement of or obstetrical operation upon a dependent caused by her pregnancy, resulting childbirth, abortion or miscarriage, if such confinement begins or such operation is performed within nine months after the insurance would otherwise become effective with respect to such dependent;

(d) with respect to such maternity benefits as are afforded under Part IA of the Supplementary Schedule of Benefits, to disability in excess of that requiring the payment of benefits equal to fourteen times the maximum daily benefit, if caused by any one pregnancy, resulting childbirth, abortion or miscarriage.

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FURTHER PROVISIONS

Definitions. The word "dependent" shall mean the wife, or any unmarried children of an employee, excluding:

(a) children less than three months of age, or eighteen or more years of age;

(b) the wife of an employee, if legally separated from the employee; and

(c) the wife or any child who is also an employee of the employer and who is eligible for insurance under the policy as an employee, or who is entitled to benefits under the extension of benefits provisions of insurance for employees.

The word "children" shall include the employee's children, step-children, legally adopted children, and foster children, provided they are dependent upon the employee for support and maintenance and have been reported to the employer for the insurance.

Eligibility and Effective Date. Eligibility for insurance under this Rider shall be on the latest of the following dates: (a) On the effective date of this Rider, or (b) on the date the employee first acquires a dependent, or (c) on the date the employee becomes eligible for insurance under the policy.

If a dependent is confined in a hospital on the date the insurance would otherwise become effective, the effective date of insurance with respect to such a dependent shall be deferred until final discharge from the hospital.

Period of Disability. Successive periods of hospital confinement and successive operations shall be considered to have occurred during one period of disability unless the subsequent confinement commences, or unless the subsequent operation is performed, after complete recovery from the injury or sickness causing the previous confinement or operation, or unless the subsequent confinement or operation is due to causes entirely unrelated to the causes of the previous confinement or operation.

Termination of Insurance. The insurance with respect to a dependent shall terminate if the employee ceases to be an insured employee, or if the dependent ceases to be a "dependent" as herein defined.

In Witness Whereof, the **Blank Insurance Company** has caused this Rider to be executed at

SECRETARY

SCHEDULE OF SURGICAL EXPENSE BENEFITS

The Benefit stated in the following Schedule for each operation is the maximum amount for which the company will be liable for such operation; the Maximum Benefit for all operations during any one period of disability is $150.

Benefits for operations which are not listed in this Schedule will be determined by the company and will be in amounts which are comparable to those listed.

Physicians and surgeons who are subscribers to the Wisconsin Plan, accepted and approved by the State Medical Society of Wisconsin, have agreed with the said Society that their charges for operations, including usual pre- and post-operative care, described or referred to in this Schedule, will not exceed the benefit herein provided for such operations provided the insured employee is within the Eligible Income Group (insured employee without dependents whose rate of remuneration from the employer at the time of disability does not exceed $2,080 per year, and employee with dependents whose rate does not exceed $2,600 per year) and directs the company to pay the amount of the benefit to the physician or surgeon performing the operation. This Schedule represents charges that are less on the average than the usual charges of subscribing physicians and surgeons.

SURGICAL PROCEDURES

Description of Operation	Maximum Benefits
INFECTIONS AND TRAUMATA	
Absesses (deep) incision and drainage	$ 10.00
Carbuncle, operative (Surgical Management only)	25.00
Ulcer surface, excision	10.00
Septic finger (tendon sheath involvement)	50.00
Grafts, extensive	50.00
CYSTS	
Cysts, sebaceous, removal	10.00
Pilonidal cyst or sinus	50.00
Thyroglossal cyst, removal	125.00
TUMORS	
Tumors, external, removal	10.00
Tumors, complicated, removal	25.00
Epithlioma of face, surgical removal	50.00
Cancer of lip (local operation)	35.00
BIOPSY	
Biopsy, superficial	10.00
Biopsy, needle aspiration	5.00
GLANDS	
Glands, superficial, removal	10.00
Dissection glands of neck (for cancer)	100.00
THYROID	
Thyroid, gland, one or more poles, ligation	75.00
Lobectomy	100.00
Parathyroidectomy	150.00
BREASTS	
Breast tumor, removal	35.00
Breast, simple removal	75.00
MISCELLANEOUS	
Ligation, saphenous vein, low	25.00
Extensive bilateral varicose veins	75.00
Toe nail, ingrown, removal radical	10.00
Removal of coccyx	35.00
CASTS	
Plaster or Similar Material—	
(Not including first application with reduction or operation)	
Whole arm	10.00
Leg to knee	7.50
Leg spica	25.00
Plaster jacket (including head)	30.00
THORACIC SURGERY	
Empyema, closed drainage	50.00
Thoracoplasty (complete)	150.00
Aneurysmorraphy	100.00
ABDOMINAL SURGERY	
Abdomen, paracentesis	10.00
Herniotomy, single, inguinal, femoral, or umbilical	75.00
Herniotomy, bilateral (same or successive days) inguinal or femoral	100.00
Herniotomy, post operative	100.00
Esophagoscopy	25.00
Gastrostomy	100.00
Gastric ulcer, excision	125.00
Gastrectomy	150.00
Peptic ulcer, perforated, closure	100.00
Duodenal ulcer, excision (pyloroplasty)	125.00
Intestines, anastomosis	100.00
Adhesions, freeing of	75.00
Laparotomy, exploratory	75.00
Colon resection (with one closure colostomy)	150.00
Appendectomy	100.00
Diverticulum, intestinal	100.00
Appendiceal, abscess, drainage	75.00
Appendicostomy	75.00
Subdiaphragmatic abscess	100.00
Cholecystectomy	125.00
Common duct, resection or reconstruction	150.00
Pancreas, drainage	125.00
Splenectomy	150.00
PROCTOLOGY	
Hemorrhoids, injection treatment (complete procedure)	25.00
Hemorrhoidectomy, external single	25.00
Hemorrhoidectomy, external multiple	50.00
Hemorrhoidectomy, internal and external	50.00
Fistulectomy, single	50.00
Fistulectomy, multiple	75.00
Abscess, ischio-rectal drainage	20.00
Carcinoma of rectum, extirpation	150.00
Prolapsed rectum, repair	100.00
UROLOGY	
Urethrotomy, external	50.00
Prostatic abscess	50.00
Prostatectomy, perineal	125.00
Epididymectomy	50.00
Vesiculectomy	100.00
Cystotomy or cystostomy	75.00
Bladder Tumor, diverticula, etc. (resection)	125.00
Nephrectomy	150.00
Plastic Hypo—and epispadias	125.00
Caruncle excision	25.00
OBSTETRICS	
Pregnancy, delivery with monthly office pre-natal and office six week post-natal care (exclusive of medical complications)	50.00
Miscarriage (curettage)	25.00
Caesarean section, vaginal	100.00
GYNECOLOGY	
Atresia of vagina, correction	50.00
Fistula, recto-vaginal	100.00
Dilatation and curettage	25.00
Uterine polyp, removal	25.00
Ovarian tumor removal	100.00
Hysterectomy, total	150.00
Supravaginal hysterectomy, subtotal	100.00
Combined cervical and vaginal repair (no procidentia)	75.00
Carcinoma of the cervix—radiation therapy—including cost of the radium	125.00
OPHTHALMOLOGY	
Conjunctival suture	15.00
Lachrymal sac, removal, or dacryocystorhinostomy	50.00
Entropion or ectropion, plastic operation	60.00
Tarsorrhaphy	75.00
Strabismus, two or more stages	100.00
Cataract, needling	25.00
Cataract, removal	100.00
Enucleation	75.00
Evisceration	75.00
OTOLOGY	
Paracentesis tympani	5.00
Mastoidectomy, acute simple	100.00
Mastoidectomy, radical bilateral	150.00
NOSE AND THROAT	
Nasal polyps, removal, unilateral	15.00
Nasal polyps, removal, bilateral	25.00
Antrum window, bilateral	50.00

(Continued on Reverse Side)

Description of Operation	Maximum Benefits
Frontal sinus, external radical	125.00
Tonsillectomy and adenoidectomy	25.00
Larynx, intubation	25.00
Laryngectomy	150.00
Laryngoscopy, operative	50.00
NEURO-SURGERY	
Fractures, Injuries, Tumors	
Skull	
Simple (non-operable) without intracranial injury	25.00
Simple (non-operable) with intracranial injury	75.00
Depressed	75.00
Compound	150.00
Spine	
Cases uncomplicated by cord damage	
Injury	50.00
Compound	150.00
Brain Injuries: Operable type	
Extradural hematoma	150.00
Subdural hematoma	150.00
Spinal Cord Injuries	
Section of anterior roots for spasm	150.00
Decompressive laminectomy	150.00
Removal of or exploration for an extruded nucleus pulposus or ruptured intervertebral disc	150.00
Miscellaneous	
Suture, decompression, and transplantation of single or multiple nerves	100.00
Brain tumors	150.00
Section of sensory root for Vth nerve neuralgia	125.00
Craniotomy for brain abscess	150.00
Excision of meningocele	75.00
Injection of Vth nerve ganglion or branches	25.00
Sympathetic System	
Unilateral resection of any part	100.00
Bilateral resection of any part	150.00
BONE, JOINT, TENDON, SURGERY	
Simple Fractures	
Nose	15.00
Ribs	10.00
Humerus	50.00
Radius and ulna, shaft	50.00
Fracture head of radius	30.00
Finger	10.00
Pelvis	75.00
Tibia, shaft	40.00
Tarsal bone, one, excluding oscalcis and astragalus	25.00
Great toe	10.00
For Fractures Requiring an Open Operation or Skeletal Traction	
(The maximum amount of reimbursement will be twice the amount shown above for corresponding simple fractures up to $150.00)	
Compound Fractures	
All compound fractures are allowed double the fee of simple fractures up to $150.00	
Fresh Uncomplicated Dislocations	
Spine	100.00
Maxilla, inferior	5.00
Shoulder	15.00
Wrist	35.00
Hip	50.00
Knee	50.00
Knee, semi lunar cartilage requiring open operation	100.00
Metatarsal bone, one	15.00
Metatarsal bone, each additional bone	5.00
Joint Resections	
Shoulder joint, resection	150.00
Elbow joint, resection	100.00
Hip joint, resection	150.00
Orthopedic	
Spinal fusion	150.00
Bone graft	150.00
Tenotomy	25.00
Arthroplasty, any major joint	150.00
Amputations	
Shoulder	125.00
Upper arm	75.00
Hand	50.00
Thigh	100.00
Toe	10.00
Foot	50.00
BLOOD TRANSFUSIONS	
(Not including cost of blood)	
First transfusion	10.00
Subsequent transfusions—each	5.00

MISCELLANEOUS PROCEDURES

The following procedures shall be deemed to be operations within the meaning of this policy if performed in connection with a surgical procedure for which benefits are payable and if performed outside of a hospital, but the maximum amount for which the company may be liable on account of such procedures performed during any one period of disability shall be as follows: For Radiology Benefits, $35; for Anaesthesia, $15; subject, however, to the applicable Maximum Benefit of $150 for all surgical and miscellaneous procedures during any one period of disability.

Description of Operation	Maximum Benefits
RADIOLOGY	
Head and Neck	
Skull	10.00
Ventriculography	15.00
Eye for foreign body	10.00
Eye for localizing foreign body (extra)	15.00
Mastoids (a) regular	10.00
Nose	5.00
Optic foramina	10.00
Neck for soft tissue	10.00
Chest	
Thorax—ribs	10.00
Sternum	5.00
Lungs, posterior—anterior and lateral	10.00
Heart, single teleo roentgenogram	7.50
Spine and Pelvis	
Spine, cervical	10.00
Spine, lumbar and pelvis	15.00
Spine, entire	20.00
Pelvis	10.00
Upper Extremities	
Shoulder girdle	10.00
Clavicle	5.00
Elbow	5.00
Wrist	5.00
Finger	5.00
Lower Extremities	
Hips	10.00
Knee	5.00
Ankle	5.00
Foot	5.00
Gastro-Intestinal	
Gastro-intestinal tract by barium meal (with or without preliminary film of abdomen)	15.00
Gastro-intestinal tract by barium meal and enema	25.00
Gastro-intestinal tract—barium meal and gall-bladder (dye) and colon (enema)	35.00
Gall-bladder by dye method	15.00
Colon by barium enema (complete)	15.00
Kidney in situ (operating table)	10.00
Urological	
Genito-urinary, simple K U B	7.50
Pyelogram, intravenous (with injection of medium)	15.00
Pyelogram, retrograde	15.00
Cystography	10.00
Urethro-cystography	10.00
Fluoroscopic and General	
Reduction of fractures	5.00
Foreign body detection	5.00
Foreign body removal (endoscopic)	10.00
Foreign bodies in esophagus or respiratory tract	10.00
ANAESTHESIA	
(By other than surgeon or assistant)	
Amounts stated include the cost of materials used	
Less than half hour	5.00
Half hour to one and a half hours	10.00
Over one and a half hours	15.00

EXHIBIT E

PARTICIPATING PHYSICIAN OF
THE STATE MEDICAL SOCIETY OF WISCONSIN
FOR
THE WISCONSIN PLAN

I hereby subscribe as a participating physician under the Wisconsin Plan for prepaid surgical, obstetric, and hospital insurance, and the added insurance covering certain associated radiology and anesthesiology, as has been accepted and approved by the State Medical Society of Wisconsin. I further agree to abide by the rulings of the Conference Committee which will function under the Wisconsin Plan for the express purpose of facilitating any administrative problems that may arise. I reserve the right to withdraw as a participating physician at any time, providing that such withdrawal can be effective only upon the publication date of new lists of participating physicians.

Name _____ Address _____ Date _____

EXHIBIT F

DIRECTION TO PAY AND PHYSICIAN'S AGREEMENT
(Wisconsin Plan)

Date _____

IN CONSIDERATION of the Physician's Agreement hereto annexed, I hereby authorize and direct the BLANK INSURANCE COMPANY to pay to _____ Name _____, _____ Address _____ the surgical benefits to which I may or become entitled under the Wisconsin Plan Disability Policy issued to _____ (Name of Employer, Organization, or Other Insured) _____ by reason of service performed. I am within the Eligible Income Group, as defined below.

_____
(Signature of Employee or Insured)

IN CONSIDERATION of the direction to pay hereto annexed, I hereby agree with _____ (Employee or Insured) _____ that my charges for the services which are included in the Schedule of Surgical Expense Benefits (Wisconsin Plan), rendered to said employee, whose signature appears above, shall not exceed the amount specified therein, provided that said employee is within the Eligible Income Group (insured employes without dependents whose rate of remuneration from the employer at the time of disability does not exceed $2,080 per year, and employee with dependents whose rate does not exceed $2,600 per year).

_____
(Signature of Physician)