



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: April 8, 2010
TO: Group Insurance Board
FROM: Matt Stohr, Director
Office of Legislative Affairs, Communications and Quality Assurance
SUBJECT: Legislative Report

This memorandum is for informational purposes. No action is necessary.

This memorandum provides an update on a few bills that will, if enacted, have an impact on health insurance programs administered by the Department of Employee Trust Funds (ETF). The regular business portion of the 2009-2010 Legislative Session is scheduled to conclude on April 22, 2010.

- 2009 Senate Bill 163 and its companion bill, 2009 Assembly Bill 217, require health insurance policies and plans that cover any diagnostic or surgical procedures to cover colorectal cancer examinations and laboratory tests for any insured or enrollee who is 50 years of age or older or any insured or enrollee who is under 50 years of age and at high risk for colorectal cancer. As written, the bill is not expected to have any material fiscal effect on the state health insurance program or the local government health insurance program because the plans in the program already provide coverage that is not materially different than that required by the bill.

Senate Bill 163 passed the Senate as amended and was messaged to the Assembly. The Assembly Committee on Insurance recommended passage of the bill on March 17, 2010, and it was referred to the Assembly Committee on Rules for scheduling.

- 2009 Assembly Bill 331 would require health plans in both the state and local health insurance programs to cover the cost of orthotic and prosthetic devices that are prescribed by a physician and determined by the prescribing physician to be medically necessary. It requires coverage of professional services and supplies related to the device, including testing, fitting, maintenance and repair if determined

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

Signature _____

Date _____

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to be medically necessary. The bill also requires that all subscribers have a choice of at least two providers of prosthetic devices located within 60 miles or 60 minutes of their homes.

Assembly Bill 331 was referred to the Assembly Committee on Insurance and had a public hearing on September 10, 2009. As of this writing, no further action was taken.

This bill will have a fiscal effect to the extent that it increases health insurance premiums and health care claims costs for subscribers in the group health insurance programs. Based on information and analysis provided by the Group Insurance Board's consulting actuary, the estimated 2009 cost associated with the state health insurance program is to be between \$99,300 and \$219,780 annually. The estimated cost associated with the local program is from \$19,380 to \$42,636 annually.

- 2009 Senate Bill 354 and its companion bill, Assembly Bill 506, prohibit a pharmacist from substituting a drug product equivalent if the drug prescribed is a drug for treating epilepsy or for treating convulsions, unless the pharmacist obtains and documents the consent of the prescribing practitioner and the patient or the patient's parent, spouse, or legal guardian.

Senate Bill 354 was referred to the Senate Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue. Assembly Bill 506 was referred to the Assembly Committee on Public Health. The committees held a joint hearing on the bills on October 22, 2009. As of this writing, no further action has been taken. The Department has not been asked to provide a fiscal estimate on the bill.

- 2009 Senate Bill 362 and its companion bill, Assembly Bill 512, removes the minimum statutory requirements for in-patient, out-patient and transitional care and establishes requirements for annual mental health screenings and makes coverage under the Group Insurance Board's health insurance program subject to Wis. Stat. § 632.89.

Senate Bill 362 was referred to the Senate Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue. Assembly Bill 512 was referred to the Assembly Committee on Health and Healthcare Reform. Both committees had hearings on the bills and passed the bills; however, substitute amendments were introduced and the amended version of Senate Bill 362 passed the Senate and the amended version of Assembly Bill 512 passed the committee. The amended version of the bills will, if enacted, have an insignificant fiscal impact on the health insurance programs administered by ETF. According to the Group Insurance Board's consulting actuary, it does not appear that the bill(s), as modified by the substitute amendment(s), provides different requirements than the Federal Mental

Health Parity – which the state group health insurance program is currently in compliance with.

- 2009 Assembly Bill 644 and its companion bill, Senate Bill 429, modify certain aspects of the duty disability program under Wis. Stat. § 40.65. Under the bill(s), in a proceeding regarding benefits for certain protective occupation participants related to a disability due to certain infectious diseases, there would be a presumption that the disease was caused by the person's employment if that person's pre-employment medical examination showed no evidence of the disease. Based on similar provisions in current law, it is anticipated that very few additional claims will be generated as a result of this change. As such, the increase in administrative costs to ETF is anticipated to be insignificant.

Assembly Bill 644 was referred to the Assembly Committee on Labor, which had a hearing on the bill on January 13, 2010. The bill passed the committee on January 27, 2010. It was also referred to the Joint Survey Committee on Retirement Systems. Senate Bill 429 was referred to the Senate Committee on Labor, Elections and Urban Affairs and passed the committee on March 17, 2010. As of this writing, no further action has been taken.

We are monitoring these other health insurance related bills that have either no impact on the group health insurance programs or a modest impact.

- Assembly Bill 665/Senate Bill 453-requiring an insurer to make payment directly to a provider who provides the insurer with an assignment of benefits.
- Senate Bill 483-prohibiting health insurance policies and self-insured health plans from excluding coverage for injuries based on the use of alcohol or controlled substances.
- Assembly Bill 488/Senate Bill 323-requiring newborn hearing screening.
- Assembly Bill 789/Senate Bill 667-insurance coverage of the services of behavior analysts for autism treatment.
- Assembly Bill 917-elimination of sick leave for legislators, justices and judges, and all other state elected officials.

Federal Health Insurance Reform

The recently-enacted federal Patient Protection and Affordable Care Act (H.R. 3590) and the reconciliation act (H.R. 4872) will make changes to health insurance coverage. ETF is currently in the process of reviewing both Acts to determine the impact they will have on the programs administered by ETF. H.R. 3590 alone contains a substantial amount of language (roughly 2500 pages). We will provide more information about the impact on the state and local group health insurance programs as it becomes available.

I will attend the April 13, 2010, meeting to answer any questions you may have.