



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: January 13, 2012
TO: Group Insurance Board
FROM: Shawn Smith, Director
Office of Communications and Legislation
SUBJECT: Legislative Report

This memo is for informational purposes only. No Board action is necessary.

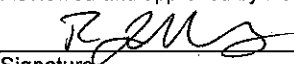
Since the last Group Insurance Board (GIB) meeting in November, action has been taken on several legislative initiatives that may affect the group health plans administered by the GIB.

NEW LAWS

2011 Wisconsin Act 49, signed into law on November 4, 2011, updates the state tax code to align with federal tax code regarding employee expenses related to medical care for non-tax dependent adult children. As a result of this change, the calculation of imputed income for eligible non-tax dependent adult children for Wisconsin tax purposes is no longer required. Additionally, participants in the Employee Reimbursement Accounts (ERA) Program may now be reimbursed for medical expenses incurred by their eligible adult child. The law first applies to taxable years beginning on January 1, 2011. Note: Act 49 did not make changes to the imputed income requirement related to health insurance coverage of non-tax dependent domestic partners and/or their children.

UPDATES ON BILLS PREVIOUSLY INTRODUCED

AB 27/SB 18 requires political subdivisions to pay health insurance premiums for survivors of a law enforcement officer who dies, or has died, in the line of duty. This bill passed the Senate unanimously in May. It was referred to the Assembly Urban and Local Affairs Committee and then referred to the Joint Finance Committee, which passed it on October 26, 2011. The bill is pending action in the Rules Committee as of the production of this report.

Reviewed and approved by Robert J. Marchant, Deputy Secretary

Signature _____ Date 1-17-12

Board	Mtg Date	Item #
GIB	2.7.12	8G

SB 153 requires the GIB to offer each available health insurance plan to local government employers and their employees, even if the employer does not participate in the Wisconsin Retirement System (WRS). This bill passed the Senate on a voice vote on October 27, 2011, and has had a public hearing in the Assembly. No one registered in opposition to the bill at the Assembly public hearing.

AB 210 incorporates the health insurance coverage requirements of the federal Patient Protection and Affordable Care Act (PPACA) into the Wisconsin statutes. The bill was modified significantly through a substitute amendment and was passed by the Assembly on a mostly party-line vote on October 18, 2011. The substitute amendment negates many of the bill provisions if PPACA is found unconstitutional and provides that health exchanges must be enacted through separate legislation.

AB 219 prohibits a local government from providing post-retirement health care benefits to any employee unless the benefit is fully-funded on an actuarial basis. The author submitted two amendments to specifically include the City of Milwaukee and the Milwaukee Public School District in the bill. The bill passed out of the Assembly committee on October 18, 2011, and is awaiting action in the Rules Committee.

NEW ITEMS INTRODUCED SINCE THE LAST BOARD MEETING

SB 343 provides that, in each plan year that begins after December 31, 2010, an insurer that issues an individual or group health insurance benefit plan must achieve a specified medical loss ratio. For individual and small group plans, that ratio is 80%. For large group plans, that ratio is 85%. Preliminary analysis indicates this proposal would have a negligible effect on GIB plans.

SB 360 exempts prescription drugs from the Unfair Sales Act. Currently, the Unfair Sales Act or "minimum markup" law prohibits "loss leaders," or wholesale and retail sales of certain merchandise priced below the cost of the merchandise to the seller. This bill deletes the prohibition as it applies to below-cost sales of prescription drugs. Preliminary analysis indicates this proposal would also have a negligible effect on GIB plans.

I will attend the Board meeting to answer any questions you may have.