



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: August 26, 2013
TO: Group Insurance Board
FROM: Tarna Hunter, Legislative Liaison
SUBJECT: Legislative Update

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

This memorandum provides information on pertinent legislative issues to the Group Insurance Board (Board).

On June 30, 2013, Governor Walker signed the 2013-15 biennial budget bill (2013 Wisconsin Act 20). The Department of Employee Trust Funds (ETF) has completed a review of the law and prepared a summary of the provisions that relate to ETF. A detailed summary of all ETF provisions can be found on ETF's website. The budget included the following initiatives impacting the Board:

- **ETF Budget**

Additional funding and resources for ETF's Transformation, Integration and Modernization (TIM) initiative. The budget provides \$3.5 million in Fiscal Year 2014 and \$4.3 million in Fiscal Year 2015 to support this multi-year initiative to modernize our business processes and systems.

- **Board Discretion to Modify Benefits to Maintain or Reduce Premiums**

Under current law, the Board may not enter into an agreement to modify or expand any group insurance coverage in a manner that conflicts with laws or rules promulgated by ETF or that materially affects the level of premiums or the level of benefits under any group insurance coverage.

The act permits the Board to modify or expand benefits if the modification or expansion is required by law or would maintain or reduce premium costs for the state or its employees in the current or any future year.

Reviewed and approved by Robert Marchant, Deputy Secretary

Electronically Signed 8/26/13

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GIB	8.27.13	8C

- **Wellness Initiatives**

Provides \$40,000 in Fiscal Year 2015 and \$150,000 in Fiscal Year 2016 to continue implementing the statewide wellness program for state employees.

- **“Craft Employees” Payment of Health Insurance Premiums**

The act creates a definition for “craft employee” in Chapter 40. Craft employees must pay all of their health insurance premiums, unless otherwise determined by the director. A craft employee is a state employee who is a skilled journeyman craftsman, including the skilled journeyman craftsman’s apprentices and helpers, but does not include employees not in direct line of progression in the craft.

- **Optional High Deductible Plan and Health Savings Account**

The Board must offer to state employees an optional high deductible health insurance plan and health savings account beginning January 1, 2015. The actuary must recommend changes to the program design to make the plan more cost effective. Requires the Office of State Employment Relations (OSER) and ETF to study the feasibility and cost effectiveness of offering health reimbursement accounts compared to health savings accounts. OSER and ETF must present their findings and recommendations to the Governor and the Joint Committee on Finance no later than January 31, 2014.

The Board may collect fees from state agencies to pay all administrative costs relating to health savings accounts. The state must make contributions to employees’ health savings accounts in an amount determined annually by the Director of OSER. The act also requires that OSER and the ETF study the feasibility and cost effectiveness of offering health reimbursement accounts compared to health savings accounts. OSER and the ETF must present their findings and recommendations to the Governor and the Joint Committee on Finance no later than January 31, 2014.

- **State Payment of Health Insurance Premiums**

Current law is that the state may not pay more than the average premium costs of the lowest cost health insurance plans.

Under the act, the state is not permitted to pay more than 88 percent of the average premium costs in each tier.

In addition, if any tier contains no health insurance plans, but is used to establish premiums for employees who work and reside out of state, the amount these employees must pay is based on the premium contribution amount for that tier in

the prior year, adjusted by the average percentage change of the premium contribution amount of the other tiers from the prior year.

- **Study to Exclude certain Spouses and Domestic Partners from State Employee Health Insurance Coverage**

Requires OSER and ETF to jointly study the feasibility of excluding from state employee health insurance coverage a spouse or domestic partner who has health insurance available from his or her employer. The study will also evaluate the creation of a \$2,000 incentive payment program for state employees that opt not to take health insurance through the state. The act provides \$75,000 GPR in FY 2014 to conduct an actuarial study of the plan to exclude from state employee health insurance coverage a spouse or domestic partner who has health insurance available from his or her employer and an incentive payment program for state employees that opt not to take health insurance through the state.

OSER and ETF must present their findings, results of the actuarial study, and recommendations to the Governor and the Joint Committee on Finance no later than June 30, 2014.

- **Health Insurance Data Collection and Analysis – Requirements for Health Care Information Organizations**

Under current law, the Department of Health Services (DHS) and ETF may contract with a health care information organization (“data organization” in Chapter 153, Stats.) to request health care claims information from health insurers and insurance plan administrators. The data organization must analyze and publicly report this information with respect to the cost, quality and effectiveness of health care; provide DHS with health care claims information and reports upon request; and maintain a centralized data repository. If DHS and ETF determine that the data organization is not fulfilling certain requirements, DHS must carry out these functions itself.

The act requires the data organization to take actions including all of the following:

1. provide an Internet site to offer health care provider cost and quality data and reports to consumers;
2. conduct statewide consumer information campaigns to improve health literacy; and
3. provide software to allow providers to validate data prior to its publication on the Internet site.

Other Legislative Items

- **2013 AB 216 (Jacque) and 2013 SB 202 (Grothman)** – The bills prohibit the group insurance board from contracting for or providing abortion services, except to save the life of the woman or in a case of sexual assault or incest. The bills also exempt religious employers, religious organizations, and religious institutions of higher education from contraceptive insurance coverage. In June, the Assembly passed AB 216 (58-39). The bill was referred to the Senate Committee on Health and Human Services..
- **2013 AB 139 (Ott) and 2013 SB 137 (Grothman)** – The bills provide that doctors would only have to inform patients about treatment options a reasonable doctor would know or disclose under the circumstances. Doctors would not be required to disclose information about alternate modes of treatment for conditions they do not believe the patient has at the time. In May, the Assembly passed AB 139 (65-31). The bill was referred to the Senate Committee on Judiciary and Labor.
- **2013 AB 331 (Wachs)** – The bill repeals the 2013 Act 20 requirement that OSER and ETF jointly study the feasibility of excluding from state employee health insurance coverage a spouse or domestic partner who has health insurance available from his or her employer and evaluate the creation of a \$2,000 incentive payment program for state employees that opt not to take health insurance through the state. The bill was referred to the Joint Committee on Finance.
- **ETF's Building** – The new Hill Farms State Office Facility that would house all of ETF's operations was approved. However, the Building Commission was directed to reduce \$250 million in bonding authority relating to the building program. This provides the Building Commission with some flexibility, but they may need to revisit and reprioritize the already-approved list of projects. We will keep you updated as more information becomes available.

I will be available at the August 27, 2013, Board meeting to answer questions.