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Correspondence Memorandum

Date: May 23, 2017
To: Group Insurance Board
From: Tarna Hunter, Legislative Liaison
Subject: Legislative and Biennial Budget Update

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

2017 – 2019 Biennial Budget

The 2017-2019 Budget Bill, **2017 AB 64** and **2017 SB 30**, were introduced by the Joint Committee on Finance on February 8, 2017 at the request of the Governor. In its review of the budget bill, ETF has identified the following budget provisions that relate to the benefit programs that ETF administers.

- **Domestic Partnership Program** – Eliminates the Chapter 40 domestic partnership program on the effective date of the bill; however, grandfathers existing domestic partnerships for purposes of Wisconsin Retirement System benefits. Additionally, group health insurance coverage under a group health plan offered by the Group Insurance Board (Board) would no longer be extended to an employee’s domestic partner, effective January 1, 2018. It also provides that a surviving domestic partner is not a default beneficiary for purposes of a deferred compensation plan and is not eligible to receive duty disability survivorship benefits for deaths occurring on or after January 1, 2018.
- **Self-Insurance Savings** – The budget assumes the Group Insurance Board will transition to a self-insured group health model starting January 1, 2018. The projected savings are \$20 million GPR in Fiscal Year 2018 and \$40 million GPR in Fiscal Year 2019.
- **Self-Insurance Status** – 2015 Act 119 requires the Board, in consultation with the Division of Personnel Management (DPM) in the Department of Administration, notify the Joint Committee on Finance (JCF) through a 21-day

Reviewed and approved by Pam Henning, Assistant Deputy Secretary
Pamela L Henning Electronically Signed 5/23/17

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passive review if it intends to execute a contract to provide self-insured group health plans on a regional or statewide basis.

On May 8, 2017, the Board and DPM submitted signed contracts for self-insuring the state's group health insurance program to the JCF for approval. On May 16, an objection was formally raised by members of JCF. At the time of writing this memo, the JCF has not scheduled a meeting for the purpose of approving the execution of the self-insurance contracts.

The JCF is currently conducting executive sessions on the budget. At the time of writing this memo, ETF has not been scheduled for an executive session. The JCF is a 16-member standing committee of the Wisconsin Legislature. The Committee's primary responsibility is the review of all state appropriations and revenues. ETF will continue monitoring the budget bill as the JCF makes modifications. In late June, the Legislature will deliver an amended budget bill to Governor Walker for review, approval and/or partial veto of the budget to be effective July 1, 2017.

Other Proposed State Legislation

2017 AB 128 and **2017 SB 81** prohibit the Group Insurance Board from contracting for or providing abortion services, except in certain situations such as medical emergencies, danger to the long-term health of the pregnant woman, or in cases of sexual assault or incest.

2017 AB 128 was introduced by Rep. Jacque and referred to the Assembly Committee on Health. 2017 SB 81 was introduced by Sen. Craig and referred to the Senate Committee on Insurance Housing and Trade.

In late April, the Assembly Committee on Health held a public hearing on 2017 AB 128. On April 26, the Committee held an executive session and recommended passage 7-3.

Federal Legislation

American Health Care Act – H.R. 1628, the American Health Care Act (AHCA), is a budget reconciliation bill that is part of the 2017 federal budget process. The legislation repeals parts of the Affordable Care Act within the scope of the federal budget, including provisions contained within the Internal Revenue Code such as the individual mandates, employer mandates, various taxes, and modifications to the federal Medicaid program.

On May 4, 2017, the United States House of Representatives recommended passage 217 to 213. The bill has been sent to the U.S. Senate for consideration.

Staff will be available at the May 24, 2017, board meeting to answer questions.