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## ***Correspondence Memorandum***

**Date:** August 24, 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**

In June, the Joint Committee on Finance took action on ETF's part of the 2017-2019 executive state budget, a proposal of how the state should manage expenses for the next two years. The budget bills, 2017 Assembly Bill 64 and 2017 Senate Bill 30, are currently before JCF and delayed past the July 1 deadline.

The JCF made modifications to the following provisions in the budget impacting programs administered by the Board:

- **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 (GIB) 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.
- ✓ **Modification:** The change allows a surviving domestic partner of a member to purchase group health insurance coverage at full price, if the surviving domestic partner was covered by a state group health plan at the time of the member's death.

Reviewed and approved by Pam Henning, Assistant Deputy Secretary

*Pamela L Henning*

Electronically Signed 8/24/17

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It also modifies the provision relating to duty disability benefits to specify that the effective date of January 1, 2018, apply to the date on which the protective occupation employee experienced a work-related injury or was diagnosed with a work-related disease rather than the date of the death of the employee. In addition, specify that if the surviving spouse of a protective occupation participant was either the spouse or the domestic partner of the participant when the participant became disabled, the surviving spouse may be eligible for a death benefit.

- **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.
  - ✓ **Modification:** The JCF rejected the self-insurance contracts during their s. 13.10 meeting on June 15. The JCF proposed a number of changes to the group health insurance program during the June 15 executive session, including:
    - Directs GIB to find \$63.9 million general purpose revenue savings for the 2017-19 biennium, including:
      - \$22.7m GPR savings from negotiations
      - \$25.8m GPR draw from the reserves (which translates to \$68.8m All Funds)
      - \$15.4m GPR from aggressive tiering, and/or additional reserve draw down, and/or plan design changes (subject to the 10% employee cost increase limitation).
    - The group health insurance program would maintain its current program structure.
    - Moves the group health insurance program from a 3-tier to a 5-tier structure.
    - Requires that ETF conduct a consumer-driven health plan educational campaign.
    - Increases legislative input and oversight authority over the Group Health Insurance Program:
      1. Addition of four GIB members appointed by legislative leadership of each party in both houses;
      2. Senate confirmation of GIB appointees;

3. Provides that GIB submit a plan by March 1, 2018, to JCF for approval under a 21-working day passive review regarding state program reserves;
4. Provides for an annual April 1 JCF 21-working day passive review of all proposed benefit changes; and
5. Request that the Legislative Audit Committee direct the Legislative Audit Bureau to conduct an audit of the state's group health insurance programs and reserves.

After the JCF has finished making recommendations on the Budget Bill, it becomes a substitute amendment to the Governor's Budget Bill and is then considered by the full Legislature. The Legislature will deliver an amended budget bill to the Governor for review, approval and/or partial veto of the budget to be effective the day after publication.

### **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 was sent to the United States Senate for consideration. On June 22, the Senate proposed a substitute amendment and renamed it the Better Care Reconciliation Act of 2017. In July, several other amendments were proposed, but failed to garner support. The Senate failed to pass the last proposed substitute amendment on a 49-51 vote on July 28, 2017. Congress is currently on break and is scheduled to return to Washington in September.

Staff will be available at the August 30, 2017, board meeting to answer questions.