



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

Correspondence Memorandum

Date: February 20, 2018
To: Group Insurance Board
From: Tarna Hunter, Legislative Liaison
Subject: Legislative Update

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

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, Financial Services, Constitution and Federalism. In early November, the Assembly passed AB 128 (61-34). On February 14 the Senate Committee on Insurance, Financial Services, Constitution and Federalism held an executive session and recommended passage 3-2. On February 20 the Senate is scheduled to take action on the bill.

2017 SB 456 and **2017 AB 548** make changes to the resolution of claims against the state for wrongful imprisonment of innocent persons. One of the changes would permit individuals who receive compensation from the state for wrongful imprisonment and are not eligible to obtain health care coverage from an employer to elect, for up to five years, health care coverage under plans offered by the Group Insurance Board to state employees beginning on January 1, 2019. Under the bill, these individuals would be required to pay the same health insurance premium amounts that state employees are required to pay, with the balance of the premiums cost paid by the state. The bill exempts the value of the portion of health insurance premiums paid by the state to such

Reviewed and approved by Pam Henning, Assistant Deputy
Secretary

Pamela L Henning

Electronically Signed 2/20/18

Board	Mtg Date	Item #
GIB	2.21.18	9C

individuals from state income taxes. The bill also creates an appropriation to pay the state's portion of the health premiums.

2017 AB 548 was introduced by Rep. Kooyenga and referred to the Assembly Committee on State Affairs. 2017 SB 456 was introduced by Sen. Wanggaard and referred to the Senate Committee on Judiciary and Public Safety.

On January 3 the Assembly Committee on State Affairs unanimously passed Assembly Substitute Amendment 1. On January 16 the Senate Committee on Judiciary and Public Safety unanimously passed Senate Substitute Amendment 1. The bills were referred to the Joint Committee on Finance. At the time of writing the Joint Committee on Finance had not taken action on the bills.

Audit of Group Insurance Program

On December 20 the Joint Legislative Audit Committee approved an audit of the Group Insurance Board, ETF and the State Group Health Insurance Program, which the Legislative Audit Bureau aims to complete before the Legislature starts work on the next biennial budget. The Legislature included a similar provision in the 2017-19 budget, but the language was vetoed.

Federal Legislation: Patient Protection and Affordable Care Act (ACA) Update

On January 22 President Trump signed into law H.R.195 which ended the federal government shutdown and funded the federal government through February 8, 2018. The law delays or suspends three Affordable Care Act (ACA) taxes.

- **Cadillac Tax: Delayed until 2022** – The ACA Cadillac tax imposes a 40 percent excise tax on plans that exceed certain thresholds. The original thresholds were \$10,200 for individuals and \$27,500 for family coverage in 2018. The thresholds will be indexed as provided in the ACA. The law delays the effective date of the Cadillac tax from tax years beginning after December 31, 2019 to tax years beginning after December 31, 2021.
- **Health Insurance Premium Tax: Suspended during 2019** – The ACA imposes an annual tax on insured plan sponsors. The tax generally costs about two to four percent of insurance premiums, depending on the insurer. The health insurance tax was previously suspended for 2017, but reinstated for 2018. The law delays the effective date of the health insurance premium tax from years beginning after December 31, 2017 to the years beginning after December 31, 2019.
- **Medical Device Tax: Suspended for 2018 and 2019** – The ACA added to the Internal Revenue Code Section 4191, which imposes a 2.3 percent excise tax on the sale of certain medical devices by the manufacturer or importer of the device. The law delays the effective date of the medical device excise tax from sales occurring after December 31, 2017 to sales occurring after December 31, 2019.

Staff will be available at the February 21, 2018, board meeting to answer questions.