



STATE OF WISCONSIN
Department of Employee Trust Funds
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 SECRETARY

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Correspondence Memorandum

Date: August 16, 2021
To: Group Insurance Board
From: Tarna Hunter, Legislative Liaison
Subject: Legislative Update

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

2021-23 Biennial Budget

On July 8, 2021, Governor Evers signed the 2021-23 biennial budget into law ([2021 Wisconsin Act 58](#)). The Department of Employee Trust Funds (ETF) has completed a review of the law and prepared a summary of the provisions that relate to the benefit programs the board oversees.

- **General Wage Adjustments** – Provides general wage adjustments for most state employees of two percent on January 1, 2022, and an additional two percent on January 1, 2023.
- **Full Funding of Salary and Fringe Benefits** – Continues full funding of ETF’s current operations. The proposed ETF 2021-23 budget consists of an overall funding increase of 2.4%.
- **Converts Project Positions to Permanent** – Converts 2.0 FTE SEG Trust Funds Specialist and 1.0 FTE SEG Accountant project positions to permanent. All three project positions were 4-year project positions that were provided to support the Department’s major initiative of modernizing its business processes and IT systems.
- **Cybersecurity Position** – Provides a computer and internet security analyst to provide additional permanent support to maintain our robust cybersecurity program. This permanent position is critical to the ongoing management of ETF’s cybersecurity program, especially as ETF moves to modernize its information

Reviewed and approved by Pam Henning, Assistant Deputy Secretary

 Electronically Signed 8/16/21

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technology systems and manage all health and retirement benefits for members online.

- **Support for Modernization-Related Ongoing IT Expenses**– Provides a permanent increase to base funding of \$317,300 in FY 2022 and \$424,200 in FY 2023 to support increases for ongoing operational IT expenses related to recent ETF modernization efforts, including the re-designed ETF website, data management tools, project management software, appointment scheduling software, and automatic call distribution software.

Enacted into Law

[**2021 Wisconsin Act 9**](#) requires pharmacy benefit managers to be licensed with the Commissioner of Insurance or to have an employee benefit plan manager license. It establishes certain requirements for pharmacy benefit managers and certain health plans regarding interactions with pharmacies and pharmacists. The provisions in the law regulating disclosures to consumers, cost sharing limitations and drug substitutions are already performed under the State of Wisconsin Group Health Insurance Program (GHIP) and therefore would have no impact on the program.

COVID-19 Related Legislation

[**2021 AB 1**](#) includes the following provisions related to health insurance coverage under the GHIP:

- **Cost Sharing** – Requires health plans to provide coverage of testing, treatment and vaccines of COVID-19 without imposing any copayment or coinsurance before June 30, 2021.
- **Prescription Drug Coverage** – Prohibits requiring prior authorization for early refills of a prescription drug or otherwise restricting the period of time in which a prescription drug may be refilled and from imposing a limit on the quantity of prescription drugs that may be obtained if the quantity is no more than a 90-day supply. These prohibitions do not apply if the prescription drug is a controlled substance. The provision applies through June 30, 2021.
- **Out-of-Network Costs** – Prohibits health plans from requiring a member to pay more for a service, treatment, or supply provided by an out-of-network provider than the member would have to pay if the services were provided in-network. This prohibition applies to services received related to COVID-19 and applies if the member saw an out-of-network provider because a participating provider was not available. The prohibition is applicable until the conclusion of a national emergency declared by the U.S. President in response to COVID-19 or until June 30, 2021, whichever is earlier.

2021 AB 1 was introduced by Speaker Vos and referred to the Assembly Committee on Health. The bill was amended multiple times and sent to the Governor for his signature. On February 5, 2021, the Governor vetoed the bill.

2021 AB 31 includes the following provisions related to health insurance coverage under the GHIP:

- **Cost Sharing** – Requires coverage of testing, treatment and vaccinations relating to COVID-19 without imposing any copayment or coinsurance before December 31, 2021.
- **Prescription Drugs Coverage** – Prohibits health plans from requiring prior authorization for early refills of a prescription drug or otherwise restricting the period of time in which a prescription drug may be refilled and from imposing a limit on the quantity of prescription drugs that may be obtained if the quantity is no more than a 90-day supply. These prohibitions do not apply if the prescription drug is a controlled substance. The provision applies through December 31, 2021.
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- **Healthcare Worker Cost Sharing** – Requires health plans cover frontline health care workers who have been diagnosed with or is under investigation of having COVID-19 or any other communicable disease without imposing any copayment or coinsurance. For purposes of required insurance coverage, the treatment that must be covered is any treatment that is medically necessary and reasonably related to COVID-19 or any other communicable disease or complications from COVID-19 or other communicable disease.
- **Telehealth Coverage** – Prohibits a health insurance policy or a self-insured health plan of the state or a county, city, village, town, or school district from denying coverage for a treatment or service provided through telehealth if that treatment or service is covered under the policy or plan when provided in person by a health care provider. This prohibition applies through December 31, 2021.

2021 AB 31 was introduced by Rep. Hintz and referred to the Assembly Committee on Health.

Other State Legislation

[2021 SB 40](#) and [2021 AB 34](#) includes the following requirements and limitations on health insurance coverage in the event the federal Patient Protection and Affordable Care Act no longer preempts state law on the topic.

- Health plans must accept every individual in this state who applies for coverage, regardless of whether any individual or employee has a preexisting condition.
- A health plan offered on the individual or small employer market or a self-insured governmental health plan may not vary premium rates for a specific plan on any basis except age, tobacco use, area in the state, and whether the plan covers an individual or a family.
- A health benefit plan or a self-insured governmental health plan may not impose a preexisting condition exclusion.
- A health benefit plan or a self-insured governmental health plan is prohibited from imposing an annual or lifetime limit on the dollar value of benefits under the plan.
- The Affordable Care Act exempts certain plans from complying with the act's provisions. Similarly, any health benefit plan that is exempt from a provision of the Affordable Care Act is exempt from complying with the corresponding provision of this bill.

2021 SB 40 was introduced by Sen. Jacque and referred to the Senate Committee on Insurance, Licensing and Forestry. 2021 AB 34 was introduced by Rep. Magnafici and referred to the Assembly Committee on Insurance.

On March 16, 2021, the Assembly passed 2021 AB 34 (92-0). The Senate has not taken action on the bill.

I will be available at the August 18, 2021, Board meeting to answer any questions.