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Department of Employee Trust Funds

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**DATE:** April 10, 2007

**TO:** Group Insurance Board

**FROM:** Bob Conlin, Director of Legislation, Communications and Planning  
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**SUBJECT:** Legislative Report

**New Legislative Session Under Way**

January 3 marked the beginning of the 98<sup>th</sup> regular session of the Legislature. The new session will be characterized by split control of the Legislature, with Republicans in control of the Assembly and Democrats controlling the Senate. The primary focus of the Legislature for the next several months will be approving the 2007-2009 biennial budget. In February, the Governor introduced his budget (2007 Senate Bill 40). The Legislative Fiscal Bureau has been busy studying the 1,700-page document and preparing summaries for the Joint Committee on Finance (JCF). On April 12, the JCF is scheduled to conclude its series of six public hearings around the state, held to solicit public feedback on the Governor's proposal. It is expected that later this month the JCF will begin amending the budget in the hopes of it passing the Legislature by June 30, the end of the current biennium.

**Substantive Provisions of the Budget Affecting ETF and Its Insurance Programs**

The budget bill contains a number of substantive provisions that will have an effect on the Department's insurance programs. Some of the more significant provisions are summarized below:

**Health insurance coverage for domestic partners of state employees and annuitants:** The bill proposes to change the definition of "dependent" for purposes of health insurance provided to state employees and annuitants by the Group Insurance Board. Under the bill, a "dependent" would include a domestic partner, a domestic partner's minor children dependent on the employee for support, and children of the domestic partner of any age if disabled and requiring continued dependence. A "domestic partnership" would be defined as a relationship between two individuals that meets all of the following criteria: (1) each individual is at least 18 years old and competent to enter a contract; (2) neither individual is married to, or in a domestic partnership with, another individual; (3) the two individuals are not related by blood in any way that would prohibit marriage under state law; (4) the two individuals consider themselves to be members of each other's immediate family; and (5) the two individuals agree to be responsible for each other's basic living expenses. The provision would apply to group health insurance coverage effective January 1, 2009.

**Earlier pick-up of employer health insurance contribution:** The bill would require that, for most state employees, the employer would be required to begin making the employer

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contribution to an employee's health care coverage on the first day of the third month after employment begins with the state. Currently, such contributions begin on the first day of the seventh month after employment begins. The change would take effect on July 1, 2008.

**Minimum coverage requirements for treatment of mental health and AODA problems:** The bill would increase the minimum annual coverage requirements for the treatment of mental health and alcohol and other drug abuse (AODA) problems applicable to group insurance policies. Generally, under the bill, the annual coverage minimums would increase as follows: for inpatient treatment (and combined inpatient, outpatient and transitional care), from \$7,000 to \$20,250; for outpatient treatment, from \$2,000 to \$3,450; and for transitional treatment, from \$3,000 to \$5,200. The increases would first apply to policies issued or renewed approximately one year after the budget bill is enacted.

**Mandatory health insurance coverage for autism disorders:** The bill would require coverage of treatment for autism spectrum disorder, if the treatment is provided by a psychiatrist, psychologist, or a social worker who is certified and licensed to practice psychotherapy. "Autism spectrum disorder" is defined in the bill to mean autism disorder, Asperger's syndrome, or a pervasive developmental disorder not otherwise specified. The coverage requirement would generally take effect approximately six months after the bill is enacted.

#### **Other Insurance-related Legislation**

Although most of the focus during the first part of the year will be on the biennial budget, a couple of bills affecting insurance-related programs administered by ETF have already received some legislative action.

**Sick leave for elected officials:** 2007 Assembly Bill 31 passed the Assembly on March 1 by a vote of 66 to 29. As passed, the bill would prohibit elected officials (legislators, constitutional officers, district attorneys, and judges and justices) from receiving sick leave during any term of office that begins, generally, after the effective date of the bill. The intent of the bill is to prevent these officials from accruing sick leave for the purposes of the Accumulated Sick Leave Credit Conversion program. This program allows retiring state employees to have accumulated, unused sick leave converted to credits that are then used to pay for post-retirement health insurance provided through the state employee health plans. The bill faces an uncertain fate in the Senate. In the meantime, both legislative houses have modified their sick leave use and accounting policies.

**Universal health coverage:** The Senate Committee on Health and Human Services has been holding a number of public hearings around the state on competing proposals to provide the majority of state residents with health insurance coverage. At this point, the primary bills that have been introduced on this issue are companion bills – 2007 Senate Bill 51 and 2007 Assembly Bill 94 -- which were introduced by Senator Miller and Representative Benedict, respectively. It appears that some form of universal coverage will get significant attention at the Capitol this session.

#### **2007 Legislative Session Update**

The attached table identifies other relevant bills introduced during the 2007 legislative session and the status of those bills.

## 2007 SESSION LEGISLATIVE ACTIVITY REPORT

BILL NO. AUTHOR(S)	ACT NO.	STATUS (COMMITTEE/ HEARING DATE/ETC)	SUBJECT	LINK
<b><u>ASSEMBLY BILLS AND RESOLUTIONS</u></b>				
AB 12 Schneider		Introduced 1/12/07; referred to Health and Healthcare Reform	<b>HEALTH:</b> Prohibits a drug manufacturer or distributor in this state from giving, or offering to give, anything of monetary value to any practitioner to encourage the practitioner to issue prescriptions for that manufacturer's drugs. Does not apply to product samples given by a manufacturer to a practitioner for delivery to a patient.	<a href="http://www.legis.state.wi.us/2007/data/AB12hst.html">http://www.legis.state.wi.us/2007/data/AB12hst.html</a>
AB 13 Schneider		Introduced 1/12/07; referred to Insurance	<b>GIB:</b> Requires the GIB to offer prepaid legal services insurance to state employees in the WRS. For any prepaid legal services insurance policy offered by GIB, the insurer may impose underwriting considerations in determining initial eligibility and premiums. GIB may charge a fee to each insurer whose policy is offered, but the fee may not exceed the direct costs incurred by GIB in offering the policy. The secretary of ETF, with the approval of GIB, must promulgate rules for the administration of the prepaid legal services insurance program. The premiums for the prepaid legal services insurance are to be deducted directly from an employee's earnings and paid to the insurer.	<a href="http://www.legis.state.wi.us/2007/data/AB13hst.html">http://www.legis.state.wi.us/2007/data/AB13hst.html</a>
AB 16 Schneider		Introduced 1/12/07; referred to Health and Healthcare Reform	<b>HEALTH:</b> Requires health insurance policies and plans that cover prescription drugs to cover any drug that is prescribed for an insured by a physician for the treatment of a rare disease or condition. A rare disease or condition is one that: 1) affects fewer than 200,000 per-sons in the US; or 2) affects 200,000 or more persons in the US, but there is no reasonable expectation that the sale of a drug for the disease or condition will recover the cost of developing and making the drug available in the US. Requires OCI to promulgate a rule that specifies the drugs to which the coverage requirement applies.	<a href="http://www.legis.state.wi.us/2007/data/AB16hst.html">http://www.legis.state.wi.us/2007/data/AB16hst.html</a>
AB 23 Wasserman/Ellis		Introduced 1/24/07; referred to Labor	<b>SICK LEAVE:</b> Provides that no member of the assembly or senate may accumulate unused sick leave from year to year in his or her sick leave account for work performed as a member of the legislature in any legislative session beginning on or after January 5, 2009. Permits senators who are currently serving a term of office that begins on or after January 3, 2007, but before January 5, 2009, to continue to accumulate unused sick leave for work performed as a member of the legislature before the commencement of the 2011-12 legislative session.	<a href="http://www.legis.state.wi.us/2007/data/AB23hst.html">http://www.legis.state.wi.us/2007/data/AB23hst.html</a>
AB 31 Strachota/Kanavas		Introduced 1/24/07; referred to Labor; passage recommended 5 - 2 on 2/7/07; ASA 1	<b>SICK LEAVE:</b> As amended by the Assembly, provides that no member of the legislature, no justice or judge and no other state elected official, including a district attorney, may receive sick leave for work performed during any term of office that begins after the effective date.	<a href="http://www.legis.state.wi.us/2007/data/AB31hst.html">http://www.legis.state.wi.us/2007/data/AB31hst.html</a>

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BILL NO. AUTHOR(S)	ACT NO.	STATUS (COMMITTEE/ HEARING DATE/ETC)	SUBJECT	LINK
		adopted 60-38 on 2/20/07; passed as amended by Assembly 66-29 on 3/1; referred to Senate Gov't Ops		
AB 47 Kaufert/Darling		Introduced 1/30/07; referred to Health/Healthcare Reform	<b>HEALTH/TAX:</b> Permits an individual who makes contributions to an HSA to claim a nonrefundable income tax credit for 6.5 percent of the allowable amount that the individual claims as a federal tax deduction for a contribution to an HSA or 6.5 percent of the federal tax-exempt earnings relating to an HSA, or both.	<a href="http://www.legis.state.wi.us/2007/data/AB47hst.html">http://www.legis.state.wi.us/2007/data/AB47hst.html</a>
AB 53 Wasserman/Lassa		Introduced 1/30/07; referred to Judiciary and Ethics	<b>HEALTH:</b> Provides that a statement or gesture of a health care provider that expresses apology, benevolence, compassion, condolence, or sympathy to a patient or patient's relative is not admissible into evidence or subject to discovery in any civil action or administrative hearing as evidence of liability or as an admission against interest.	<a href="http://www.legis.state.wi.us/2007/data/AB53hst.html">http://www.legis.state.wi.us/2007/data/AB53hst.html</a>
AB 71 Benedict/Lehman		Introduced 2/13/07; referred to Health and Healthcare Reform	<b>HEALTH:</b> Requires that a health care facility, physician, or employee of the facility or physician notify a patient, before commencement of a physician office visit, if the facility or physician charges for use of the facility during the course of the office visit. The health care facility, physician, or employee must also, on any bill for services, identify the facility use charge separately from the physician's service charge.	<a href="http://www.legis.state.wi.us/2007/data/AB71hst.html">http://www.legis.state.wi.us/2007/data/AB71hst.html</a>
AB 94 Benedict/Miller		Introduced 2/22/07; referred to Health and Healthcare Reform	<b>HEALTH:</b> Establishes a health plan for Wisconsin, under which, beginning July 1, 2010, each state resident, with certain exceptions, shall receive reasonable medical services necessary to maintain health, enable diagnosis, and provide treatment or rehabilitation for an injury, disability, or disease. To administer the health plan, creates a Department of Health Planning and Finance, with six regional offices, that is directed and supervised by an 11-member Health Policy Board.	<a href="http://www.legis.state.wi.us/2007/data/AB94hst.html">http://www.legis.state.wi.us/2007/data/AB94hst.html</a>
AB 107 Hahn/Liebham		Introduced 2/22/07; referred to Insurance	<b>TAX/INSURANCE:</b> Creates a nonrefundable individual income tax credit for amounts paid by a claimant for medical care insurance premiums for a policy that covers the claimant, the claimant's spouse, and the claimant's dependents. To be eligible for the credit, the claimant must be the employee of another person and the claimant's employer must pay part, but not all, of the costs of the claimant's medical care insurance.	<a href="http://www.legis.state.wi.us/2007/data/AB107hst.html">http://www.legis.state.wi.us/2007/data/AB107hst.html</a>
AB 110 Vukmir/Darling		Introduced 2/22/07; referred to Labor and Industry	<b>INSURANCE:</b> Prohibits bargaining over the selection of a health care coverage plan if the employer offers to enroll its employees in a plan provided to local government employers by the GIB or a substantially similar plan. Also, provides that any local	<a href="http://www.legis.state.wi.us/2007/data/AB110hst.html">http://www.legis.state.wi.us/2007/data/AB110hst.html</a>

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			government employer may unilaterally change its employees' health care coverage plan provider if the benefits remain substantially the same and if either the providers of the health care are the same or cost savings will result from changing the health care plan provider.	
AB 111 Moulton/Roessler		Introduced 2/22/07; referred to Health and Healthcare Reform	<b>HEALTH/TAX:</b> Creates tax credits for the purchase of certain information technology equipment by health care providers and health facilities used to maintain medical records in electronic form.	<a href="http://www.legis.state.wi.us/2007/data/AB111hst.html">http://www.legis.state.wi.us/2007/data/AB111hst.html</a>
AB 125 Vruwink/Schultz		Introduced 3/5/07; referred to Insurance	<b>INSURANCE:</b> Provides that, beginning on 1/1/08, any resident of this state who is engaged in the business of farming may elect to receive coverage under any health care coverage plan offered to state employees by paying to ETF the full cost of the required premiums. Specifies conditions that an individual seeking coverage under the state plan must meet and authorizes ETF to establish preexisting condition exclusions for individuals electing coverage.	<a href="http://www.legis.state.wi.us/2007/data/AB125hst.html">http://www.legis.state.wi.us/2007/data/AB125hst.html</a>
AB 133 Schneider/Lassa		Introduced 3/5/07; referred to Insurance	<b>INSURANCE:</b> Requires health insurance policies and plans to cover the cost of hearing aids or cochlear implants for any child under five years of age covered under the policy or plan who is certified as deaf or severely hearing impaired by a doctor or audiologist.	<a href="http://www.legis.state.wi.us/2007/data/AB133hst.html">http://www.legis.state.wi.us/2007/data/AB133hst.html</a>
AB 179 Schneider		Introduced 3/19/07; referred to Insurance	<b>INSURANCE:</b> Requires a health care plan to cover one wig for each individual covered under the plan who has been diagnosed with cancer if the cancer treatment causes the individual to lose his or her hair and the individual chooses to wear a wig.	<a href="http://www.legis.state.wi.us/2007/data/AB179hst.html">http://www.legis.state.wi.us/2007/data/AB179hst.html</a>
AB 184 Gottlieb/Lassa		Introduced 3/19/07; referred to Urban and Local Affairs	<b>OPEB:</b> Under current law, a school district may invest and reinvest funds that are held in trust, other than funds held in the public employee trust fund, solely to provide post-employment benefits in the manner provided under the Uniform Prudent Investor Act, which took effect in Wisconsin on April 30, 2004. The bill requires that funds invested be held in segregated accounts, and extends the same provisions to other local governments.	<a href="http://www.legis.state.wi.us/2007/data/AB184hst.html">http://www.legis.state.wi.us/2007/data/AB184hst.html</a>
AB 204 Sherman/Carpenter		Introduced 3/19/07; referred to Health and Healthcare Reform	<b>HEALTH:</b> Prohibits advertising for prescription drugs. The prohibition does not apply to ads broadcast from or mailed or shipped to the ultimate recipient from outside this state or to ads sent directly to pharmacists or to practitioners who are authorized to prescribe prescription drugs.	<a href="http://www.legis.state.wi.us/2007/data/AB204hst.html">http://www.legis.state.wi.us/2007/data/AB204hst.html</a>

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BILL NO. AUTHOR(S)	ACT NO.	STATUS (COMMITTEE/ HEARING DATE/ETC)	SUBJECT	LINK
<b><u>SENATE BILLS AND RESOLUTIONS</u></b>				
SB 5 Kanavas/Strachota		Introduced 1/9/07, referred to Ethics Reform and Gov't Ops	<b>SICK LEAVE CONVERSION:</b> Provides that no member of the legislature, no justice or judge, no other state elected official, and no person appointed by the governor to a position in the executive branch requiring senate confirmation, may accumulate unused sick leave from year to year in his or her sick leave account for work performed in that position after the bill's effective date.	<a href="http://www.legis.state.wi.us/2007/data/SB5hst.html">http://www.legis.state.wi.us/2007/data/SB5hst.html</a>
SB 18 Darling/Kaufert		Introduced 1/30/07; referred to Health and Human Services	<b>HEALTH/TAX:</b> Permits an individual who makes contributions to an HSA to claim a nonrefundable income tax credit for 6.5 percent of the allowable amount that the individual claims as a federal tax deduction for a contribution to an HSA or 6.5 percent of the federal tax-exempt earnings relating to an HSA, or both.	<a href="http://www.legis.state.wi.us/2007/data/SB18hst.html">http://www.legis.state.wi.us/2007/data/SB18hst.html</a>
SB 40 Jt. Finance		Introduced 2/14/07; referred to Jt. Finance	<b>BUDGET:</b> Various changes in state appropriations, agency budgets and policy constituting the Biennial Budget Bill.	<a href="http://www.legis.state.wi.us/2007/data/SB40hst.html">http://www.legis.state.wi.us/2007/data/SB40hst.html</a>
SB 45 Roessler/Moulton		Introduced 2/15/07; referred to Health and Human Services	<b>HEALTH/TAX:</b> Creates tax credits for the purchase of certain information technology equipment by health care providers and health facilities used to maintain medical records in electronic form.	<a href="http://www.legis.state.wi.us/2007/data/SB45hst.html">http://www.legis.state.wi.us/2007/data/SB45hst.html</a>
SB 46 Darling/Vukmir		Introduced 2/15/07; referred to Labor, Elections & Urban Affairs	<b>INSURANCE:</b> Prohibits bargaining over the selection of a health insurance if the employer offers to enroll its employees in a plan provided to local government employers by the GIB or a substantially similar plan. In addition, provides that any local government employer may unilaterally change its employees' health care coverage plan provider if the benefits remain substantially the same and if either the providers of the health care are the same or cost savings will result from changing the health care plan provider.	<a href="http://www.legis.state.wi.us/2007/data/SB46hst.html">http://www.legis.state.wi.us/2007/data/SB46hst.html</a>
SB 51 Miller/Benedict		Introduced 2/20/07; referred to Health and Human Services	<b>HEALTH:</b> Establishes a health plan for Wisconsin, under which, beginning July 1, 2010, each state resident, with certain exceptions, shall receive reasonable medical services necessary to maintain health, enable diagnosis, and provide treatment or rehabilitation for an injury, disability, or disease. To administer the health plan, creates a Department of Health Planning and Finance, with six regional offices, that is directed and supervised by an 11-member Health Policy Board.	<a href="http://www.legis.state.wi.us/2007/data/SB51hst.html">http://www.legis.state.wi.us/2007/data/SB51hst.html</a>

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BILL NO. AUTHOR(S)	ACT NO.	STATUS (COMMITTEE/ HEARING DATE/ETC)	SUBJECT	LINK
SB 66 Leibham/Suder		Introduced 2/26/07; referred to Transportation, Tourism and Insurance	<b>HEALTH:</b> Provides that, beginning on 1/1/08, any resident of this state who is engaged in farming may elect to receive coverage under any health care coverage plan offered to state employees by paying to ETF the full cost of the required premiums. Specifies conditions that an individual seeking coverage under the state plan must meet and authorizes ETF to establish preexisting condition exclusions for those electing coverage.	<a href="http://www.legis.state.wi.us/2007/data/SB66hst.html">http://www.legis.state.wi.us/2007/data/SB66hst.html</a>
SB 71 Erpenbach/Musser		Introduced 2/26/07; referred to Health and Human Services	<b>HEALTH:</b> Prohibits a pharmacist from substituting a drug product equivalent if the drug prescribed is a drug for treating epilepsy or for treating convulsions, unless the pharmacist obtains and documents the consent of the prescribing practitioner and the patient or the patient's parent, spouse, or legal guardian. Also, if a pharmacist is dispensing a refill of an epilepsy drug, requires the pharmacist to dispense the same drug product, from the same manufacturer, that was previously dispensed, unless the pharmacist obtains and documents the consent of the prescribing practitioner and the patient or the patient's parent, spouse, or legal guardian.	<a href="http://www.legis.state.wi.us/2007/data/SB71hst.html">http://www.legis.state.wi.us/2007/data/SB71hst.html</a>
SB 87 Roessler/Hahn		Introduced 3/8/07; referred to JSCTE	<b>TAX/INSURANCE:</b> Creates an individual income tax deduction for 100 percent of the amount that is paid by an individual for a medical care insurance policy that covers the individual, his or her spouse, and the individual's dependents if the individual's employer pays a portion of the cost of the individual's policy.	<a href="http://www.legis.state.wi.us/2007/data/SB87hst.html">http://www.legis.state.wi.us/2007/data/SB87hst.html</a>
SB 88 Lassa/Schneider		Introduced 3/12/07; referred to Insurance	<b>INSURANCE:</b> Requires health insurance policies and plans to cover the cost of hearing aids or cochlear implants for any child under five years of age covered under the policy or plan who is certified as deaf or severely hearing impaired by a doctor or audiologist.	<a href="http://www.legis.state.wi.us/2007/data/SB88hst.html">http://www.legis.state.wi.us/2007/data/SB88hst.html</a>
SB 93 Lassa/Gottlieb		Introduced 3/13/07; referred to Urban Affairs	<b>OPEB:</b> Under current law, a school district may invest and reinvest funds that are held in trust, other than funds held in the public employee trust fund, solely to provide post-employment benefits in the manner provided under the Uniform Prudent Investor Act, which took effect in Wisconsin on April 30, 2004. The bill requires that funds invested be held in segregated accounts, and extends the same provisions to other local governmental units.	<a href="http://www.legis.state.wi.us/2007/data/SB93hst.html">http://www.legis.state.wi.us/2007/data/SB93hst.html</a>
SB 118 Carpenter/Sherman		Introduced 3/28/07; referred to Public Health	<b>HEALTH:</b> Prohibits advertising for prescription drugs. The prohibition does not apply to ads broadcast from or mailed or shipped to the ultimate recipient from outside this state or to ads sent directly to pharmacists or to practitioners who are authorized to prescribe prescription drugs.	<a href="http://www.legis.state.wi.us/2007/data/SB118hst.html">http://www.legis.state.wi.us/2007/data/SB118hst.html</a>

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BILL NO. AUTHOR(S)	ACT NO.	STATUS (COMMITTEE/ HEARING DATE/ETC)	SUBJECT	LINK
SR 3 Lassa		Introduced 2/12/07; referred to Public Health; adoption recommended 5-0 on 2/23; adopted by Senate on 3/13/07.	<b>HEALTH:</b> Encourages public and private employers to establish and promote healthful lifestyle programs and encourages economic incentives to stimulate the widespread adoption of such programs.	<a href="http://www.legis.state.wi.us/2007/data/SR3hs.html">http://www.legis.state.wi.us/2007/data/SR3hs.html</a>

### Floor session schedule for 2007-08 Legislature:

2007	2008
Jan. 3, 2007: Inauguration	Jan. 10, 2008: Bills sent to Governor
Jan. 9, 2007: Floorperiod	Jan. 15 – 31, 2008: Floorperiod
Jan. 30 – Feb. 1 2007: Floorperiod	Feb. 19 – March 13, 2008: Floorperiod (Last general business)
Feb. 13, 2007: Floorperiod	April 3, 2008: Bills sent to Governor
Feb. 20 – March 1, 2007: Floorperiod	May 6 – 8, 2008: Floorperiod (Limited Business)
March 13 – 15, 2007: Floorperiod	May 15, 2008: Bills sent to Governor
April 17 – 26, 2007: Floorperiod	May 27 & 28, 2008: Veto review period
May 3, 2007: Bills sent to Governor	May 29 – Jan. 5, 2009: Interim
May 8 – 17, 2007: Floorperiod	June 11, 2008: Bills sent to Governor
May 29 – June 29: Floorperiod (Budget)	January 5, 2009: 2009 Inauguration
Aug. 9, 2007: Nonbudget bills to Governor	
Aug. 9 (or later), 2007: Budget to Governor	
Sept. 18 – 20, 2007: Floorperiod	
Oct. 23 – Nov. 8, 2007: Floorperiod	
Dec. 11 – 13, 2007: Floorperiod	