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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2011-12

(session year)

Senate

(Assembly, Senate or Joint)

Committee on Insurance and Housing...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Senate

Record of Committee Proceedings

Committee on Insurance and Housing

Senate Bill 487

Relating to: the provision of information regarding health care benefits provided to certain assistance program recipients.

By Senator Galloway; cosponsored by Representatives Nygren, Ballweg, Bies, Brooks, Endsley, LeMahieu, Petersen, Severson, Van Roy, Wynn and Vos.

February 16, 2012 Referred to Committee on Insurance and Housing.

February 22, 2012 **PUBLIC HEARING HELD**

Present: (5) Senators Lasee, Schultz, Wanggaard, Carpenter
and C. Larson.
Absent: (2) Senators Olsen and S. Coggs.
Excused: (0) None.

Appearances For

- Rep John Nygren — 89th Assembly District
- Brett Davis — DHS

Appearances Against

- Melissa Duffy — The Alliance
- Wendy Culver — The Alliance

Appearances for Information Only

- None.

Registrations For

- Paul Merline — WI Hospital Assoc
- Sen Pam Galloway — 29th Senate District
- Tony Driessen, Madison — WI Assn of Health Underwriters
- Sabrina Gentile — WI Council on Childrens & Families

Registrations Against

- None.

Registrations for Information Only

- None.

February 22, 2012 **EXECUTIVE SESSION HELD**

Present: (0) None.
Absent: (0) None.
Excused: (0) None.

February 29, 2012

EXECUTIVE SESSION HELD

Present: (6) Senators Lasee, Schultz, Olsen, Wanggaard,
Carpenter and C. Larson.
Absent: (1) Senator S. Coggs.
Excused: (0) None.

Moved by Senator Olsen, seconded by Senator Schultz that **Senate Amendment 1** be recommended for adoption.

Ayes: (6) Senators Lasee, Schultz, Olsen, Wanggaard,
Carpenter and C. Larson.
Noes: (0) None.
Absent: (1) Senator S. Coggs.

ADOPTION OF SENATE AMENDMENT 1 RECOMMENDED,
Ayes 6, Noes 0

Moved by Senator Olsen, seconded by Senator Schultz that **Senate Bill 487** be recommended for passage as amended.

Ayes: (4) Senators Lasee, Schultz, Olsen and
Wanggaard.
Noes: (2) Senators Carpenter and C. Larson.
Absent: (1) Senator S. Coggs.

PASSAGE AS AMENDED RECOMMENDED, Ayes 4, Noes 2

Tony Urso
Committee Clerk

487

Vote Record Committee on Insurance and Housing

Date: 4/29

Moved by: Gilmer

Seconded by: Schultz Amendment

AB _____ SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

- Be recommended for:
- Passage Adoption Confirmation Concurrence Indefinite Postponement
 - Introduction Rejection Tabling Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Frank Lasee, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Dale Schultz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Luther Olsen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Van Wanggaard	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Tim Carpenter	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Spencer Coggs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Chris Larson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: 6 0 _____ _____

B.11

101

Olsen

2nd Schutte

Dye

NO

Laser

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Schutte

✓

Olsen

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Wang

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Cap

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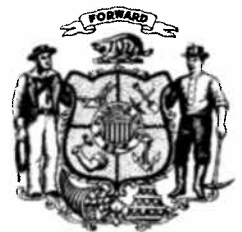
Larson

✓

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WISCONSIN STATE LEGISLATURE





State of Wisconsin
Department of Health Services

Scott Walker, Governor
Dennis G. Smith, Secretary

Senate Committee on Insurance and Housing
Testimony of Medicaid Director Brett Davis
Wisconsin Department of Health Services
Senate Bill 487

February 22, 2012

Senator Lasee and distinguished members of the committee, thank you for allowing the Department to assist this Committee by providing testimony on Senate Bill 487. The Department is testifying in support of the proposed legislation.

By law, Medicaid is the payer of last resort. If a Medicaid-eligible individual has coverage through another insurer or program, that coverage provider is responsible for paying all or part of the medical costs incurred prior to Medicaid making a claim. This is known as third-party liability, or TPL.

Historically, States have identified the two greatest issues with TPL administration as being the verification of coverage and the collection of payments from identified third parties. The GAO noted in a study from 2002 to 2004 that nationally, the costs associated with verification of private coverage were between \$50 and \$60 million annually, while the costs of a failure to collect payments from responsible third parties accounted for \$184 to \$196 million annually.

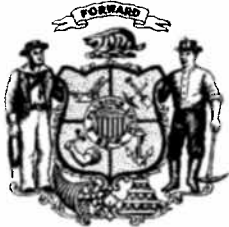
The Deficit Reduction Act of 2005 (DRA), signed into law by President Bush, made several changes to third party liability in the Medicaid program, with the intention of giving States greater ability to identify and collect mistaken Medicaid payments from liable third parties. Section 6035 of the DRA made two specific enhancements to third party liability by clarifying the specific entities considered “third parties” and “health insurers” under the law, and by requiring States to pass laws placing certain requirements on health insurers.

In 2007, Wisconsin Statute 49.475 was amended to bring Wisconsin law into compliance with the latter of the two afore-mentioned enhancements under the DRA. Senate Bill 474 would further amend Statute 49.475 to fully align with the federal definitions of liable third parties by specifically including both self-insured plans and pharmacy benefits managers. Both of these entities would be held to the same requirements as other third party entities as currently codified in state law.

Thank you again for allowing me the opportunity to provide information to the committee. I would be happy to entertain any questions that you may have at this time.



WISCONSIN STATE LEGISLATURE





**Testimony in Opposition to Senate Bill 487
Senate Insurance Committee**

Melissa Duffy, Government Relations
Employer Health Care Alliance Cooperative (The Alliance)
February 22, 2012

Thank you Chairman Lasee and members of the Senate Insurance Committee for the opportunity to testify today. The Alliance is a cooperative owned and governed by 160 Wisconsin companies providing health benefits to more than 83,000 employees and dependents. Our members are mostly self-funded plans that, through The Alliance, collectively negotiate prices directly with health care providers.

I appear today to pass along some significant concerns from Wisconsin employers about Senate Bill 487 and the process followed in introducing and scheduling this bill for a vote so quickly. When we first received the news that the legislature was considering this legislation, we immediately contacted the Assembly author and asked for a meeting with the Department of Health Services. Our goal was to help our members understand exactly what would be required of them under this bill and to explore with DHS ways to accomplish the aims of this legislation without adding another layer of government regulation on Wisconsin businesses.

Two days ago, we received a packet of information from DHS that describes the process they would like self-funded employers to use to submit this information, which we now know includes a significant number of data fields and what looks like a monthly requirement to submit data. Please note that self-funded plans cover more than half of the people that have employer-sponsored insurance in this state, and they currently do not report to state governments. As ERISA plans regulated at the federal level, they do submit quite a bit of data to the federal government however, including the Centers for Medicare and Medicaid Services.

Those employers who have had a chance to review the bill and the data requirements are concerned and frustrated. SB 487 imposes costly administrative reporting process on Wisconsin companies who are already challenged by new regulatory requirements imposed by the passage of the Patient Protection and Affordable Care Act (PPACA). While we support the goal of finding Medicaid cost savings, our members would like the chance to work with the legislature and DHS to find a solution that works for all parties. We believe there are more cost effective ways to accomplish the same goals. Introducing this bill and scheduling it for a hearing and vote just days later precludes the opportunity to find better solutions.

Many of our employers, who in better economic times would not have considered wavering on the commitment to provide health benefits to their workers, are stressed and frustrated with government regulation and some are questioning whether their companies will continue to provide health benefits to workers in the future. We urge you not to add to this frustration, and instead slow this bill down and give us the chance to work with DHS on a well thought out approach to meeting the state's needs.



MEMBERS OF THE ALLIANCE

Founding Members

CUNA Mutual Insurance Group Webcrafters, Inc. Spectrum Brands, Inc.

Charter Members (Joined in the First Year)

Springs Window Fashions Division, LLC Stoughton Trailers, LLC Zimbrick, Inc.

Members for 15 Years or More

Certco, Inc.	JX Peterbilt	Seats Incorporated
Clack Corporation	Lands' End	Trek Bicycle Corporation
C. L. Swanson Corporation	Mead & Hunt	WCA Group Health Trust
Empire Level Manufacturing	MetaStar	Wipfli, LLP
First Supply LLC	National Mutual Benefit	Wisconsin Bankers Association Insurance Trust
Flambeau, Inc.	Olin Corporation	WP Beverages, LLC
Foremost Farms USA	Revstone Industries FKA TriEnda, LLC	WPPI Benefit Plan Trust
General Beverage Sales Company	Scott Construction, Inc.	

Members for 10 to 15 Years

ABS Global	The Fiore Companies, Inc.	Plastic Ingenuity, Inc.
Children's Service Society of Wisconsin	Foley & Lardner LLP	QBE the Americas
City of Reedsburg	Godfrey & Kahn, S.C.	Raymond Management Company
City of Stoughton	Gordon Flesch Company, Inc.	Roundy's Supermarkets, Inc.
Cleary Building Corporation	GRAEF	Southwest Wisconsin Technical College SVA
Colony Brands, Inc.	KleenMark	Tri-North Builders
CSM Companies, Inc.	Klein-Dickert Co., Inc.	WEA Trust
Edward Kraemer & Sons, Inc.	Lakeside Foods	Wingra Stone Company
Electronic Theatre Controls	MSA Professional Services	Wisconsin Mutual Insurance Company
FABCO Equipment Inc.	NORD Gear Corporation	Zinga Industries, Inc.
Fisher-Barton, Inc.	Park Bank	

Members for 5 to 10 Years

Accelerated Genetics	Fiskars Brands, Inc.	Paragon Development Systems, Inc.
Advance Concrete Form, Inc.	GE Healthcare	PDQ Food Stores, Inc.
Alkar-Rapid Pak, Inc.	Hallman/Lindsay Paints	The QTI Group
Aqua-Aerobic Systems, Inc.	Ho-Chunk Nation	Renaissance Learning, Inc.
ATC Management Inc.	HOPPE North America, Inc.	Sannes Skogdalen
The Baraboo Bancorporation, Inc.	HUFCOR, Inc.	School District of Janesville
Blackhawk Community Credit Union	Kelley Williamson Company	Shared Medical Services
Blain Supply, Inc.	Kendall/Hunt Publishing Company	Swiss Valley Farms
City of Monroe	Kwik Trip, Inc.	United Cooperative
County of Rock	MasterGraphics	United Industries, Inc.
Culver Franchising System, Inc.	Minhas Craft Brewery	VerHalen, Inc.
Data Dimensions	Miniature Precision Components	Walker Group Holdings LLC
Dubuque Stamping & Manufacturing, Inc.	MiTek Corporation	Woodward Communications, Inc.
The Fall River Group, Inc.	Monroe Truck Equipment	

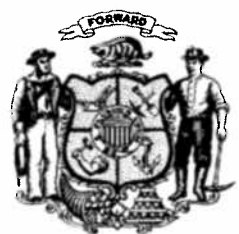
MEMBERS OF THE ALLIANCE

Members For 5 Years or Less

A.L.M. Holding Company	Heartland Automotive Services, Inc.	Raven Software (Activision Blizzard)
American Aluminum Extrusion Company, LLC	Herzing, Inc.	Reedsburg Area Medical Center
Axiom Foods	H. G. Meigs, LLC/Meigs Trucking	Rhodes International, Inc.
Ballweg Automotive Group	Hodge Company, Inc.	Rice Management, Inc.
Beloit Box Board Company, Inc.	HyPro, Inc.	River Ridge School District
Blackhawk Bank	Innovative Ag Services	Robinson Brothers Environmental, Inc.
Bliss Communications, Inc.	The Insurance Center	Rogers Memorial Hospital
Body Shop Supply Co, Inc.	iPacesetters	Rundle-Spence Manufacturing Co.
Brooks Tractor, Inc.	John Deere & Company Inc.	Ryan Incorporated Central
Chambers & Owen, Inc.	Johnson Financial Group, Inc.	SECURA Insurance Companies
City of Janesville	Lakeside International, LLC	Skipper Marine Holdings, Inc.
Clifton Gunderson	Landmark Services Cooperative	Skogens Foodliner, Inc.
Cottingham & Butler	LeMans Corporation	Spuncast, Inc.
Croell Redi Mix	Lime Rock Springs Co.	Steinhafels Inc.
The DeLong Co., Inc.	MajescoMastek	Trachte Building Systems, Inc.
Dexter Apache Holdings, Inc.	Mallery & Zimmerman, S.C.	TrueNorth Companies, LLC
Dumore Corporation	Mansur Trucking, Inc.	Waukesha County Technical College
Electric Coalition of Wisconsin	MasterMold, LLC	West Bend Mutual Insurance Company
Geiger Automotive Group	ORC Industries	Wis-Pak, Inc.
Goellner-Hennig/AM&E	Ott Schweitzer Distributorship, Inc.	Women's International Pharmacy
Gypsum Supply Company	Progressive Processing	Woodman's Food Market, Inc.
	Quality Liquid Feeds Inc.	



WISCONSIN STATE LEGISLATURE





John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89TH ASSEMBLY DISTRICT

Senate Bill 487 – Third Party Liability Identification Legislation

Senate Committee on Insurance and Housing

Testimony by State Rep. John Nygren

February 22, 2012

Thank you, Chair Lasee and members of the Committee on Insurance and Housing for holding a public hearing on Senate Bill 487 today.

Similar to the Asset Verification legislation I testified about earlier, this proposal was brought to my attention by the Department of Health Services (DHS). This bill enhances the DHS's ability to identify more instances in which the state is paying for claims that should be covered by private insurance. Enhanced third party liability identification efforts are needed in order to prevent fraud and save money in the state's Medicaid program.

Under current law, Medicaid is intended to be the payer of last resort and third party insurance providers are required to pay for services they have an obligation to cover. Currently, DHS determines whether Medicaid enrollees have private coverage by matching records with certain payers of health care benefits, who provide coverage information to the DHS through a data exchange. When DHS becomes aware that a Medicaid enrollee has other insurance coverage, they seek payment from the third party payer.

Senate Bill 487 addresses the fact that the current system does not allow DHS to obtain information from self-funded plans and limited coverage plans such as a prescription only drug benefit. By expanding the scope to these additional third party providers, DHS can better ensure the state is only paying for appropriate services. This will effectively decrease Medicaid expenditures without reducing benefits to members. DHS estimates this effort will save the state anywhere from \$3.7 to \$5.3 million annually.

The bill requires reporting by the following groups: issuers of disability insurance, group health plans - including self-insured plans, and third party administrators - including fiscal intermediaries and managed care contractors. Additionally, while pharmacy benefits managers (PBM) are already required to report to DHS, this bill changes their definition to an entity that administers or manages prescription drug benefits provided by an insurer or other third party. Under this bill, third parties will receive reasonable compensation from DHS for providing the information.



John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89TH ASSEMBLY DISTRICT

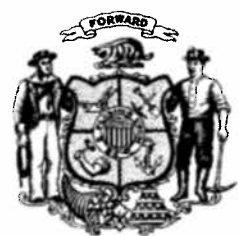
Additionally, this bill puts the state in compliance with federal law, as expansion of the scope of Medicaid disclosure laws is required under the 2005 Deficit Reduction Act, signed into law by President Bush.

Again, this bill allows DHS to ensure Medicaid truly is the payer of last resort and saves money in the Medicaid program by helping DHS determine who should be covered by private insurance. When private insurers have a legal obligation to pay for services we should make sure they are doing so before taxpayers are forced to pick up the tab. I believe the most important aspect of this bill is that it prevents fraud and strengthens the integrity of the Medicaid program.

I appreciate the opportunity to testify before your committee today on this important piece of legislation. Thank you.



WISCONSIN STATE LEGISLATURE



Urso, Tony

From: O'Brien, Kyle T - DHS <Kyle.O'Brien@dhs.wisconsin.gov>
Sent: Wednesday, February 29, 2012 8:40 AM
To: Kovach, Robert; Urso, Tony
Cc: Rude, Nels; Searing, Eric; Davis, Brett H - DHS
Subject: FW: We have changed The Alliance position on AB 554/SB 487

Rob and Tony,

I thought this would be important for you to see before the committee exec session today. (See message below) The Alliance will be changing their position from opposed to neutral, due to the amendment language that was drafted and introduced by Rep. Nygren/Sen. Galloway. The amendment language is an important piece to the legislation as it was a product of hours of conversation with some of Wisconsin's largest job creators.

The Alliance has been grateful of our outreach efforts and has promised to work with us to implement this policy efficiently and effectively.

I attempted to call a couple times last night, but I know you guys are busier than all heck. Brett wanted me to relay his thanks to the Chairman for taking up this legislation along with the amendment. This will help reform our state's Medicaid program and save Wisconsin taxpayers millions of dollars.

Thanks much,

Kyle O'Brien
Legislative Liaison
Office of the Secretary
Wisconsin Department of Health Services

Phone: (608) 266-3262
Email: Kyle.O'Brien@wisconsin.gov

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Please remember that all communications conducted with state resources are subject to Wisconsin's Open Records Law.

-----Original Message-----

From: Melissa Duffy [<mailto:melissa.duffy@me.com>]
Sent: Tuesday, February 28, 2012 7:33 PM
To: Davis, Brett H - DHS; O'Brien, Kyle T - DHS
Subject: We have changed The Alliance position on AB 554/SB 487

Brett and Kyle,

I just wanted to let you know that I have changed The Alliance position on AB 554/SB 487 from "opposed" to "undecided/has reservation." By now you may have read through the mixed bag of comments from employers that I shared with Kyle this morning, which made it a tough call for our health policy committee. But the committee (and

staff) was greatly appreciative of your efforts to address employers' concerns via the amendment, and we believe we can work together to address the remaining concerns via a workgroup of employers.

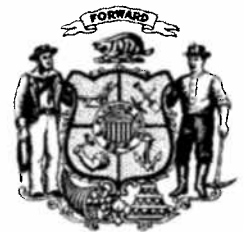
On that subject, we have five employers that volunteered almost immediately for your task force, so that's great news for all of us I think.

On behalf of The Alliance and its members, thank you for working with us and supporting the amendment. We look forward to working with you on implementation after the bill passes.

Melissa
(608) 334-0624



WISCONSIN STATE LEGISLATURE



- 497

Employer Wealth
Case

Will testify against
but working @ DHS
to Amend on floor
DWS. Kyle O'Brien