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## AB 410/SB 319

Committee on Insurance, Housing, and Trade

11/16/17

- Act 288 from last session improved the requirement that the Office of the Commissioner of Insurance (OCI) prepare a social and financial impact report for any introduced legislation that includes a health insurance mandate.
- SB 319 fixes several technical problems the original bill had:

-Current law mandates a report to be created and given out prior to a public hearing or executive session, however it does not give a due date for the report. Under SB 319, the Office of Commissioner of Insurance has 10 working days to complete a report after it has received a copy of a bill from LRB.

- OCI is currently required to submit the report for the bill or amendment to the presiding officer of the house in which it originated for it be printed as an appendix to the bill. This creates a problem because attaching appendixes is not something presiding officers do. The bill fixes this by having the bill or amendment sent first to the respective chief clerk's office where an appendix can be added instead of the presiding officers.

-The bill cleans up reporting requirement for amendments that were adopted shortly before an executive session. If an amendment is voted down within the first business day of introduction, OCI is not required to generate a report.

-Act 288 was not clear if reports for legislation that addressed insurance policy cost sharing were needed. SB 319 adds cost sharing into the list of items that would trigger a report.

-The amendment ensures that no bill could be voted out of committee without having received the report as well.



# CHRIS KAPENGA

WISCONSIN STATE SENATOR

## Testimony on Senate Bill 319

*Assembly Committee on Insurance*

Thursday, November 16<sup>th</sup>

Thank you, Chairman Petersen and committee members, for holding a hearing today on Senate Bill 319. Thank you also Representative Jagler for authoring the bill in the Assembly.

Over the last two sessions, the Legislature has worked to curb the rising cost of health insurance by providing lawmakers with information regarding the potential effects of any proposed health insurance mandates. Last session, Act 288 enhanced the requirement that the Office of the Commissioner of Insurance (OCI) prepare a social and financial impact report for proposed legislation that would impose a health insurance mandate. While this enhanced the Legislature's understanding of the consequences of health insurance mandates, the law has several technical errors that complicate compliance. This bill resolves the following concerns and strengthens the requirement.

- *Report Due Date:* While current law requires the report to be prepared and distributed prior to any public hearings or votes on bills containing a mandate, there is no due date for the report.
  - *Solution:* This bill requires that OCI prepare reports within ten working days of receipt. This mirrors the timeline for fiscal estimates (five days plus a five day extension).
- *Report Receipt and Attachment to Bills:* Current law requires OCI submit the report to the presiding officers of each chamber and that the officers print it as an appendix to the legislation. However, the LRB and the Chief Clerk's office attach appendixes to bills.
  - *Solution:* This bill replaces the requirement to submit the report to the presiding officer with a requirement to submit the report to the Chief Clerk's office, which will then distribute the report in the same manner as amendments.
- *Applicability to Amendments:* Unlike bills, which are typically introduced weeks or months before a hearing, amendments are occasionally offered the day before or moments before receiving a vote. Earlier this session, an amendment containing a health insurance mandate was offered and immediately defeated, but when OCI received the amendment two days later, they were still required to prepare a report, even though it did not inform any votes
  - *Solution:* This bill stipulates that if an amendment is voted down within the first business day following being offered, then OCI is not required to prepare the report. This ensures that OCI is still directed to prepare the report but is not forced to waste resources on failed amendments.
- *Scope of Report Requirement:* Current law requires a report be prepared when legislation would impose one of several types of health insurance mandates. However, it is not clear when legislation would impose conditions on cost sharing under an insurance policy (such as a bill that would prohibit charging higher deductibles, coinsurance, or copayments based on the required treatment) if a report is required.
  - *Solution:* This bill clarifies language requiring that OCI, in addition to the current requirements, prepare the report if conditions on cost sharing under an insurance policy are imposed.

These updates will ensure that lawmakers have access to information regarding the potential effects of a proposed health insurance mandate. Thank you, Mr. Chairman and committee members, for your time and consideration of this bill.

# *Wisconsin Association of Health Plans*

*The Voice of Wisconsin's Community-Based Health Plans*

**Testimony Presented to the  
Assembly Committee on Insurance  
Assembly Bill 410  
Senate Bill 319  
November 16, 2017**

Chairman Petersen, Members of the Committee—thank you for the opportunity to testify on this important piece of legislation.

My name is Tim Lundquist and I am the Director of Government and Public Affairs at the Wisconsin Association of Health Plans. The Association is the voice of 12 Community-Based Health Plans that collectively do business in every county in Wisconsin. Association health plans provide health insurance coverage to individuals, employers, and government programs.

**2015 Wisconsin Act 288** - Last session the Legislature approved and Governor Walker signed into law legislation requiring the Office of the Commissioner of Insurance (OCI) submit a report analyzing the social and financial impact of any proposed health insurance mandate. Under 2015 Act 288, the Legislature is prohibited from acting on a proposed mandate without first considering its social and financial impact. Community-Based Health Plans support Act 288.

We also support Senate Bill 319 as amended, and Assembly Bill 410, as amended by Assembly Amendment 1.

**Assembly Bill 410** – Assembly Bill 410 strengthen's Wisconsin social and financial impact reporting law by clarifying what is considered a health insurance mandate. The bill also clarifies the submission process to ensure the Legislature receives OCI's social and financial impact report in a timely manner. Community-Based Health Plans believe legislative consideration of proposed health insurance mandates should be informed by a review of its costs and benefits. **As amended by Assembly Amendment 1, Wisconsin's Community-Based Health Plans support Assembly Bill 410 and urge passage.** We also support Senate Bill 319 as amended and urge committee and Assembly passage.

Thank you again for the opportunity to testify.