



2007 SENATE BILL 484

February 13, 2008 - Introduced by Senators KANAVAS, DARLING, ROESSLER and SCHULTZ, cosponsored by Representatives F. LASEE, DAVIS, GUNDERSON, LEMAHIEU, MURSAU, NYGREN, STRACHOTA and VOS. Referred to Committee on Health, Human Services, Insurance, and Job Creation.

1 **AN ACT** *to amend* 632.745 (9), 635.01 and 635.02 (8); and *to create* 601.428 of
2 the statutes; **relating to:** the definition of a group health benefit plan and
3 reports by the commissioner of insurance on the effect of changing the
4 definition.

Analysis by the Legislative Reference Bureau

Current law contains various requirements that apply to group health benefit plans or the insurers that issue group health benefit plans. For example, consistent with the federal Health Insurance Portability and Accountability Act, insurers that sell group health benefit plans to employers must comply with requirements related to preexisting conditions, enrollment periods, and contract renewals. Insurers that sell group health benefit plans to small employers (those with between 2 and 50 employees) are subject to certain marketing standards and to certain restrictions on premium rates that may be charged for those policies.

Current law generally defines a group health benefit plan as a health benefit plan that is sold to or through an employer on behalf of a group that consists of at least two employees, or individual health benefit plans covering eligible employees when three or more are sold to or through an employer. This bill changes the definition of a group health benefit plan by increasing, from three to 25, the number of individual health benefit plans that constitute a group health benefit plan when sold to or through an employer covering eligible employees of the employer. This change applies regardless of the number of employees the employer has.

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The bill requires the commissioner of insurance annually to submit reports to the standing committees of the legislature with jurisdiction over insurance and health matters assessing the effect on the commercial insurance market of the change that the bill makes to the definition of a group health benefit plan. The reports must address changes to various populations in the state with different types of health care coverage that may be attributable to the definition change, and must include information on the number of applicants for coverage under the Health Insurance Risk-Sharing Plan who are employees of small employers that offer or facilitate the sale of individual health insurance policies to employees instead of offering group health benefits.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 601.428 of the statutes is created to read:

2 **601.428 Reports on definition of group health benefit plan. (1)**

3 Annually, beginning in 2009, the commissioner shall prepare, and provide to the
4 standing committees of the legislature with jurisdiction over insurance and health
5 matters under s. 13.172 (3), a report that assesses the effect on the commercial
6 insurance market of the changes to the definitions of “group health benefit plan” and
7 “small employer insurer” made by 2007 Wisconsin Act (this act). The
8 commissioner shall measure and include in the report changes that may be
9 attributable to 2007 Wisconsin Act (this act) to the following populations in the
10 state:

11 (a) Individuals without health insurance coverage.

12 (b) Individuals with coverage under Medical Assistance.

13 (c) Individuals with small group health insurance coverage.

14 (d) Individuals with individual health insurance coverage.

15 (e) Individuals with coverage under the Health Insurance Risk-Sharing Plan.

16 **(2)** Annually, beginning in 2009, the commissioner shall request information
17 from the Health Insurance Risk-Sharing Plan Authority on the number of

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1 applicants for coverage under the Health Insurance Risk-Sharing Plan who are
2 employees of small employers, as defined in s. 635.02 (7), that no longer offer group
3 health benefits but offer, or facilitate the sale of, individual health insurance policies
4 to employees. The commissioner shall include the information obtained under this
5 subsection in the reports under sub. (1).

6 **(3)** To assist the commissioner in determining the effect, if any, of the definition
7 changes made by 2007 Wisconsin Act ... (this act), the commissioner shall establish
8 benchmarks with respect to changes in the populations specified under sub. (1) (a)
9 to (e) by assessing the status of those populations over the 3-year period preceding
10 the beginning of the period covered by the first report prepared and submitted under
11 sub. (1). The assessment shall include such parameters as population size and
12 demographic statistics and shall identify changes in those parameters over the
13 3-year period. The commissioner shall prepare a report of the assessment and
14 submit the report under s. 13.172 (3) to the standing committees specified in sub. (1)
15 along with the first report submitted under sub. (1).

16 **SECTION 2.** 632.745 (9) of the statutes is amended to read:

17 632.745 (9) "Group health benefit plan" means a health benefit plan that is
18 issued by an insurer to or through an employer on behalf of a group consisting of at
19 least 2 employees or a group including at least 2 eligible employees. The term
20 includes individual health benefit plans covering eligible employees when ~~3~~ 25 or
21 more are sold to or through an employer.

22 **SECTION 3.** 635.01 of the statutes is amended to read:

23 **635.01 Scope.** This chapter applies to all group health insurance plans,
24 policies or certificates, written on risks or operations in this state, providing coverage
25 for employees of a small employer, or employees of a small employer and the

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1 employer, and to individual health insurance policies, written on risks or operations
2 in this state, providing coverage for employees of a small employer, or employees of
3 a small employer and the employer when ~~3~~ 25 or more are sold to or through a small
4 employer.

5 **SECTION 4.** 635.02 (8) of the statutes is amended to read:

6 635.02 (8) "Small employer insurer" means an insurer that is authorized to do
7 business in this state, in one or more lines of insurance that includes health
8 insurance, and that offers group health benefit plans covering eligible employees of
9 one or more small employers in this state, or that sells ~~3~~ 25 or more individual health
10 benefit plans to a small employer, covering eligible employees of the small employer.
11 The term includes a health maintenance organization, as defined in s. 609.01 (2), a
12 preferred provider plan, as defined in s. 609.01 (4), and an insurer operating as a
13 cooperative association organized under ss. 185.981 to 185.985, but does not include
14 a limited service health organization, as defined in s. 609.01 (3).

15 (END)