

2005 DRAFTING REQUEST

Bill

Received: **02/02/2005**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **John Lehman (608) 266-0634**

By/Representing: **Jo Stoll**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**

Extra Copies: **CMH**

Submit via email: **YES**

Requester's email: **Rep.Lehman.J@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Increasing the limits for AODA coverage

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 02/02/2005	lkunkel 02/18/2005		_____			S&L
/1			pgreensl 02/18/2005	_____	sbasford 02/18/2005	lnorthro 03/03/2005	

FE Sent For:

*Att
intro.*

<END>

2005 DRAFTING REQUEST

Bill

Received: 02/02/2005

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **John Lehman (608) 266-0634**

By/Representing: **Jo Stoll**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**

Extra Copies: **CMH**

Submit via email: **YES**

Requester's email: **Rep.LehmanJ@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Increasing the limits for AODA coverage

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 02/02/2005	lkunkel 02/18/2005		_____			S&L
/1			pgreensl 02/18/2005	_____	sbasford 02/18/2005		

FE Sent For:

<END>

2005 DRAFTING REQUEST

Bill

Received: 02/02/2005

Received By: pkahler

Wanted: As time permits

Identical to LRB:

For: John Lehman (608) 266-0634

By/Representing: Jo Stoll

This file may be shown to any legislator: NO

Drafter: pkahler

May Contact:

Addl. Drafters:

Subject: Insurance - health

Extra Copies: CMH

Submit via email: YES

Requester's email: Rep.LehmanJ@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Increase the limits for AODA coverage ✓

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler	1 lmk 2/17	2/18 P8	2/18 P8/kh			

FE Sent For:

<END>

Kahler, Pam

From: Stoll, Joanna
Sent: Tuesday, February 01, 2005 12:37 PM
To: Kahler, Pam
Subject: RE: Drafting request

Sure. I'll check with Russ to see if he can obtain the info for you.

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

From: Kahler, Pam
Sent: Tuesday, February 01, 2005 12:36 PM
To: Stoll, Joanna
Subject: Drafting request

Hi, Jo:

I have your drafting request to redraft 2003 AB 839. You would like the amounts to reflect 2005 cost-of-living increases. I assume that means to increase the amounts based on the change in the "consumer price index for medical costs." Under the bill, DHFS is supposed to report annually on revising the amounts based on the "change in the consumer price index for medical costs." I do not know what the new amounts should be. I assume someone was able to obtain that information when the bill was drafted by the leg. council committee. Russ Whitesel was the leg. council attorney staffing the committee. Perhaps he knows how to obtain the information, or at least how the information was obtained. Would you be able to get the information for me? Thanks.

Pam

ASSEMBLY BILL 839

problems in the minimum amount of \$3,000 minus the applicable cost sharing under the policy or, if there is no cost sharing under the policy, \$2,700 in equivalent benefits measured in services rendered. If a group health insurance policy provides coverage for both inpatient and outpatient hospital services, the total coverage for all types of treatment for nervous and mental disorders and alcoholism and other drug abuse problems is not required to exceed \$7,000, or the equivalent benefits measured in services rendered, in a policy year.

This bill changes the minimum amount of coverage that must be provided for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems on the basis of the change in the consumer price index for medical services since the coverage amounts in current law were enacted. Inpatient services must be covered in the minimum amount of the lesser of: 1) the expenses of 30 days of inpatient services; or 2) \$16,800 minus the applicable cost sharing or, if there is no cost sharing under the policy, \$15,100 in equivalent benefits measured in services rendered. Outpatient services must be covered in the minimum amount of \$3,100 minus the applicable cost sharing or, if there is no cost sharing under the policy, \$2,800 in equivalent benefits measured in services rendered. Transitional treatment arrangements must be covered in the minimum amount of \$4,600 minus the applicable cost sharing or, if there is no cost sharing under the policy, \$4,100 in equivalent benefits measured in services rendered. The total coverage for all types of treatment for nervous and mental disorders and alcoholism and other drug abuse problems is not required to exceed \$16,800, or the equivalent benefits measured in services rendered, in a policy year.

The table below provides information on treatment category, current minimum coverage amount, year of enactment, and the proposed coverage amounts based on the increase in the federal cost-of-living for medical coverage "indexed" since the enactment of the current coverage amounts.

<u>Treatment</u>	<u>Current Minimum Coverage Amount</u>	<u>Year Enacted</u>	<u>Proposed Coverage Amounts</u>
<u>Inpatient</u>			
Cost-sharing	\$7,000*	1985	\$16,800*
No cost-sharing	\$6,300	1985	\$15,100
<u>Outpatient</u>			
Cost-sharing	\$2,000*	1992	\$ 3,100*
No cost-sharing	\$1,800	1992	\$ 2,800
<u>Transitional</u>			
Cost-sharing	\$3,000*	1992	\$ 4,600*
No cost-sharing	\$2,700	1992	\$ 4,100
<u>All services</u>	\$7,000	1985	\$16,800

18,300
16,500
(Same)
4,700
4,200
18,300

*Minus cost-sharing

The bill also requires the Department of Health and Family Services to annually report to the governor and legislature on the change in coverage limits

to

Per Russ Whitehead



State of Wisconsin
2003-2004 LEGISLATURE
2005-2006

Other

1972/1
LRB-4204/1
PJK:kmg:jf
mk

2005
2003 ASSEMBLY BILL 839

February 16, 2004 - Introduced by Representative J. LEHMAN, cosponsored by Senator HANSEN. Referred to Committee on Insurance.

LPS: Pls fix requester's sheet

LPS Pls PwF

Regen

- 1 AN ACT *to amend* 632.89 (2) (b) 1., 632.89 (2) (c) 2. b., 632.89 (2) (d) 2. and 632.89
- 2 (2) (dm) 2.; and *to create* 632.89 (1) (am) and 632.89 (2) (f) of the statutes;
- 3 **relating to:** increasing the limits for insurance coverage of nervous or mental
- 4 health disorders or alcoholism or other drug abuse problems. ✓

Analysis by the Legislative Reference Bureau

Under current law, a group health insurance policy (called a "disability insurance policy" in the statutes) that provides coverage of any inpatient hospital services must cover those services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in the minimum amount of the lesser of: 1) the expenses of 30 days of inpatient services; or 2) \$7,000 minus the applicable cost sharing under the policy or, if there is no cost sharing under the policy, \$6,300 in equivalent benefits measured in services rendered. If a group health insurance policy provides coverage of any outpatient hospital services, it must cover those services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in the minimum amount of \$2,000 minus the applicable cost sharing under the policy or, if there is no cost sharing under the policy, \$1,800 in equivalent benefits measured in services rendered. If a group health insurance policy provides coverage of any inpatient or outpatient hospital services, it must cover the cost of transitional treatment arrangements (services, specified by rule by the commissioner of insurance, that are provided in a less restrictive manner than inpatient services but in a more intensive manner than outpatient services) for the treatment of nervous and mental disorders and alcoholism and other drug abuse

ASSEMBLY BILL 839

problems in the minimum amount of \$3,000 minus the applicable cost sharing under the policy or, if there is no cost sharing under the policy, \$2,700 in equivalent benefits measured in services rendered. If a group health insurance policy provides coverage for both inpatient and outpatient hospital services, the total coverage for all types of treatment for nervous and mental disorders and alcoholism and other drug abuse problems is not required to exceed \$7,000, or the equivalent benefits measured in services rendered, in a policy year.

This bill changes the minimum amount of coverage that must be provided for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems on the basis of the change in the consumer price index for medical services since the coverage amounts in current law were enacted. Inpatient services must be covered in the minimum amount of the lesser of: 1) the expenses of 30 days of inpatient services; or 2) ~~\$16,800~~ minus the applicable cost sharing or, if there is no cost sharing under the policy, ~~\$15,100~~ in equivalent benefits measured in services rendered. Outpatient services must be covered in the minimum amount of \$3,100 minus the applicable cost sharing or, if there is no cost sharing under the policy, \$2,800 in equivalent benefits measured in services rendered. Transitional treatment arrangements must be covered in the minimum amount of ~~\$4,600~~ minus the applicable cost sharing or, if there is no cost sharing under the policy, ~~\$4,100~~ in equivalent benefits measured in services rendered. The total coverage for all types of treatment for nervous and mental disorders and alcoholism and other drug abuse problems is not required to exceed ~~\$16,800~~, or the equivalent benefits measured in services rendered, in a policy year.

The table below provides information on treatment category, current minimum coverage amount, year of enactment, and the proposed coverage amounts based on the increase in the federal cost-of-living for medical coverage "indexed" since the enactment of the current coverage amounts.

<i>Treatment</i>	<i>Current Minimum Coverage Amount</i>	<i>Year Enacted</i>	<i>Proposed Coverage Amounts</i>
<i>Inpatient</i>			
Cost-sharing	\$7,000*	1985	\$16,800*
No cost-sharing	\$6,300	1985	\$15,100
<i>Outpatient</i>			
Cost-sharing	\$2,000*	1992	\$ 3,100*
No cost-sharing	\$1,800	1992	\$ 2,800
<i>Transitional</i>			
Cost-sharing	\$3,000*	1992	\$4,600*
No cost-sharing	\$2,700	1992	\$4,100
<i>All services</i>	\$7,000	1985	\$16,800

*Minus cost-sharing

The bill also requires the Department of Health and Family Services to annually report to the governor and legislature on the change in coverage limits

annually

need

\$18,300
\$16,500

need

\$4,700
\$4,200

\$18,300

→
→

↑
↑
→

→ \$18,300*
→ \$16,500

→ \$4,700*
→ \$4,200
→ \$18,300

ASSEMBLY BILL 839

necessary to conform with the change in the federal consumer price index for medical costs. ✓

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

1 SECTION 1. 632.89 (1) (am) of the statutes is created to read:

2 632.89 (1) (am) "Consumer price index" means the consumer price index for all
3 urban consumers, U.S. city average, as determined by the U.S. department of labor. ✓

4 SECTION 2. 632.89 (2) (b) 1. of the statutes is amended to read:

5 632.89 (2) (b) 1. Except as provided in subd. 2., if a group or blanket disability
6 insurance policy issued by an insurer provides coverage of inpatient hospital
7 treatment or outpatient treatment or both, the policy shall provide coverage in every
8 policy year as provided in pars. (c) to (dm), as appropriate, except that the total
9 coverage under the policy for a policy year need not exceed \$7,000 ~~\$16,800~~ or the
10 equivalent benefits measured in services rendered. ✓ \$18,300

11 SECTION 3. 632.89 (2) (c) 2. b. of the statutes is amended to read:

12 632.89 (2) (c) 2. b. ~~Seven thousand~~ ~~Sixteen thousand~~ ~~eight~~ hundred dollars
13 minus any applicable cost sharing at the level charged under the policy for inpatient
14 hospital services or the equivalent benefits measured in services rendered or, if the
15 policy does not use cost sharing, ~~\$6,300~~ ~~\$15,100~~ in equivalent benefits measured in
16 services rendered. ✓ \$16,500

17 SECTION 4. 632.89 (2) (d) 2. of the statutes is amended to read:

18 632.89 (2) (d) 2. Except as provided in par. (b), a policy under subd. 1. shall
19 provide coverage in every policy year for not less than \$2,000 \$3,100 minus any
20 applicable cost sharing at the level charged under the policy for outpatient services

Eighteen
three

ASSEMBLY BILL 839

1 or the equivalent benefits measured in services rendered or, if the policy does not use
2 cost sharing, ~~\$1,800~~ [✓] \$2,800 in equivalent benefits measured in services rendered.

3 **SECTION 5.** 632.89 (2) (dm) 2. of the statutes is amended to read:

4 632.89 (2) (dm) 2. Except as provided in par. (b), a policy under subd. 1. shall

5 provide coverage in every policy year for not less than \$3,000 ~~\$4,600~~ ^{→ \$4,700 ✓} minus any

6 applicable cost sharing at the level charged under the policy for transitional

7 treatment arrangements or the equivalent benefits measured in services rendered

8 or, if the policy does not use cost sharing, ~~\$2,700~~ ~~\$4,100~~ [✓] in equivalent benefits

9 measured in services rendered. \$4,200 ✓

10 **SECTION 6.** 632.89 (2) (f) of the statutes is created to read:

11 632.89 (2) (f) *Report on coverage limits.* The department of health and family

12 services shall report annually to the governor and the legislature on revising the

13 coverage limits specified in this subsection based on the change in the consumer price

14 index for medical costs. ✓

15 **SECTION 7. Initial applicability.** ✓

16 (1) This act first applies to a policy issued, renewed, or modified on the first day

17 of the 13th month beginning after publication. ✓

18 (END)

for 1972

Calculation Worksheet

Table 1
Current and Inflation-Adjusted Coverage Requirements

Treatment	Minimum Current Coverage	Year Effective	Cost of Living ^{Medical} Health Care 2001	Cost of Living Health Care 2003
Inpatient Cost-sharing No cost-sharing	\$7,000 minus cost-sharing	1985	\$16,800	\$18,300
	\$6,300	1985	\$15,100	\$16,500
Outpatient Cost-sharing No cost-sharing	\$2,000 minus cost-sharing	1992	\$3,100	\$3100
	\$1,800	1992	\$2,800	\$2800
Transitional Cost-sharing No cost-sharing	\$3,000 minus cost-sharing	1992	\$4,600	\$4700
	\$2,700	1992	\$4,200	\$4200
All services	\$7,000	1985	\$16,800	\$18,300

Russ Whitford
Reg. Council

Calculation Worksheet

\$7000 (1985)

- (1) 2003 COL Index MC - 1985 COL Index MC
- (2) Divide by 1985 COL Index MC = Percentage Δ
- (3) Multiply Percentage Δ by 100
- (4) Multiply 7000 by Percentage Δ = Amount of Δ
- (5) Add amount of Δ to 7,000

Calculation

Nearest 100

$$297.1 - 113.5 = 183.6$$

$$183.6 \div 113.5 = 1.6176$$

$$1.6176 \times 100 = 161.76$$

$$7000 \times 161.76 = 11,323$$

$$\underline{\$11,323} + 7000 = \underline{\underline{\$18,323}}$$

\$18,300

\$6300 (1985)

$$6300 \times 161.76 = \$10,190$$

$$\underline{\$10,190} + 6300 = \underline{\underline{\$16,490}}$$

\$16,500

\$2000 (1992)

(2003) (1992)

$$297.1 - 190.1 = 107.0$$

$$107.0 \div 190.1 = .56286$$

$$56.286 \times 100 = 56.286$$

$$\underline{\$2000} \times 56.286 = 1,126$$

$$\underline{\$2000} + 1126 = \underline{\underline{\$3,126}}$$

\$3100

\$1800 (1992)

$$\underline{\$1800} \times 56.286 = 1,013$$

$$\underline{\$1800} + 1013 = \underline{\underline{\$2813}}$$

\$2800

\$ 3000 (1992)

$$\$ 3000 \times 56.286 = \$ 1689$$

$$\$ 3000 + 1689 = \underline{\underline{\$ 4689}}$$

\$ 4700

\$ 2700 (1992)

$$\$ 2700 \times 56.286 = \$ 1520$$

$$2700 + 1520 = \underline{\underline{\$ 4220}}$$

\$ 4200

2001 \$16,800

2003 297.1

2001

272.8

$$\frac{24.3}{272.8} = 0.08907$$

$$0.08907 \times 100 = 8.91\%$$

$$8.91\% \times \$16,800 = \$1,497$$

$$\$16,800 + \$1,497 = 18,297$$

Cf 18,323.

Difference due to rounding \$16,800

Actual: \$16,825

x 8.91

1499

+ 16825

18,324

TABLE B-60.—Consumer price indexes for major expenditure classes, 1959–2003

[For all urban consumers; 1982-84=100, except as noted]

Year or month	All items (CPI-U)	Food and beverages		Apparel	Housing	Transportation	Medical care	Entertainment
		Total ¹	Food					
1959	29.1	.....	29.7	45.0	.....	29.8	21.5	.....
1960	29.6	.....	30.0	45.7	.....	29.8	22.3	.....
1961	29.9	.....	30.4	46.1	.....	30.1	22.9	.....
1962	30.2	.....	30.6	46.3	.....	30.8	23.5	.....
1963	30.6	.....	31.1	46.9	.....	30.9	24.1	.....
1964	31.0	.....	31.5	47.3	.....	31.4	24.6	.....
1965	31.5	.....	32.2	47.8	.....	31.9	25.2	.....
1966	32.4	.....	33.8	49.0	.....	32.3	26.3	.....
1967	33.4	35.0	34.1	51.0	30.8	33.3	28.2	40.7
1968	34.8	36.2	35.3	53.7	32.0	34.3	29.9	43.0
1969	36.7	38.1	37.1	56.8	34.0	35.7	31.9	45.2
1970	38.8	40.1	39.2	59.2	36.4	37.5	34.0	47.5
1971	40.5	41.4	40.4	61.1	38.0	39.5	36.1	50.0
1972	41.8	43.1	42.1	62.3	39.4	39.9	37.3	51.5
1973	44.4	48.8	48.2	64.6	41.2	41.2	38.8	52.9
1974	49.3	55.5	55.1	69.4	45.8	45.8	42.4	56.9
1975	53.8	60.2	59.8	72.5	50.7	50.1	47.5	62.0
1976	56.9	62.1	61.6	75.2	53.8	55.1	52.0	65.1
1977	60.6	65.8	65.5	78.6	57.4	59.0	57.0	68.3
1978	65.2	72.2	72.0	81.4	62.4	61.7	61.8	71.9
1979	72.6	79.9	79.9	84.9	70.1	70.5	67.5	76.7
1980	82.4	86.7	86.8	90.9	81.1	83.1	74.9	83.6
1981	90.9	93.5	93.6	95.3	90.4	93.2	82.9	90.1
1982	96.5	97.3	97.4	97.8	96.9	97.0	92.5	96.0
1983	99.6	99.5	99.4	100.2	99.5	99.3	100.6	100.1
1984	103.9	103.2	103.2	102.1	103.6	103.7	106.8	103.8
1985	107.6	105.6	105.6	105.0	107.7	106.4	113.5	107.9
1986	109.6	109.1	109.0	105.9	110.9	102.3	122.0	111.6
1987	113.6	113.5	113.5	110.6	114.2	105.4	130.1	115.3
1988	118.3	118.2	118.2	115.4	118.5	108.7	138.6	120.3
1989	124.0	124.9	125.1	118.6	123.0	114.1	149.3	126.5
1990	130.7	132.1	132.4	124.1	128.5	120.5	162.8	132.4
1991	136.2	136.8	136.3	128.7	133.6	123.8	177.0	138.4
1992	140.3	138.7	137.9	131.9	137.5	126.5	190.1	142.3
1993	144.5	141.6	140.9	133.7	141.2	130.4	201.4	145.8
1994	148.2	144.9	144.3	133.4	144.8	134.3	211.0	150.1
1995	152.4	148.9	148.4	132.0	148.5	139.1	220.5	153.9
1996	156.9	153.7	153.3	131.7	152.8	143.0	228.2	159.1
1997	160.5	157.7	157.3	132.9	156.8	144.3	234.6	162.5
1998	163.0	161.1	160.7	133.0	160.4	141.6	242.1	.....
1999	166.6	164.6	164.1	131.3	163.9	144.4	250.6	.....

2000	172.2	168.4	167.8	129.6	169.6	153.3	260.8	.....
2001	177.1	173.6	173.1	127.3	176.4	154.3	272.8	.....
2002	179.9	176.8	176.2	124.0	180.3	152.9	285.6	.....
2003	184.0	180.5	180.0	120.9	184.8	157.6	297.1	.....
2002: Jan	177.1	176.2	175.8	120.4	177.6	148.6	279.6	.....
Feb	177.8	176.4	175.9	123.5	178.5	148.4	281.0	.....
Mar	178.8	176.6	176.1	128.2	179.1	150.5	282.0	.....
Apr	179.8	176.7	176.2	128.8	179.5	153.7	283.2	.....
May	179.8	176.4	175.8	127.1	179.7	153.8	284.1	.....
June	179.9	176.4	175.8	122.7	180.7	153.4	284.7	.....
July	180.1	176.6	176.0	118.7	181.2	153.7	286.6	.....
Aug	180.7	176.6	176.0	120.5	181.7	153.9	287.3	.....
Sept	181.0	176.9	176.4	124.6	181.5	154.0	287.7	.....
Oct	181.3	177.1	176.5	126.8	181.4	154.9	289.2	.....
Nov	181.3	177.4	176.8	125.5	181.2	155.2	290.5	.....
Dec	180.9	177.8	177.3	121.5	181.1	154.2	291.3	.....
2003: Jan	181.7	178.1	177.5	118.1	182.3	155.5	292.6	.....
Feb	183.1	178.9	178.3	120.6	183.2	158.9	293.7	.....
Mar	184.2	179.2	178.6	123.6	184.3	161.0	294.2	.....
Apr	183.8	179.0	178.4	123.9	184.1	159.3	294.6	.....
May	183.5	179.4	178.8	122.5	184.5	157.2	295.5	.....
June	183.7	180.2	179.6	119.5	185.3	156.8	296.3	.....
July	183.9	180.3	179.7	116.2	185.9	156.8	297.6	.....
Aug	184.6	180.9	180.4	117.2	186.1	158.3	298.4	.....
Sept	185.2	181.3	180.7	122.0	185.8	159.4	299.2	.....
Oct	185.0	182.2	181.7	124.8	185.7	157.1	299.9	.....
Nov	184.5	182.9	182.4	123.1	185.1	155.7	300.8	.....
Dec	184.3	184.1	183.6	119.0	185.1	154.7	302.1	.....

¹ Includes alcoholic beverages, not shown separately.

² December 1997=100.

³ Household fuels—gas (piped), electricity, fuel oil, etc.—and motor fuel. Motor oil, coolant, etc. also included through 1982.

Note.—Data beginning 1983 incorporate a rental equivalence measure for homeowners' costs.

Series reflect changes in composition and renaming beginning in 1998, and formula and methodology changes beginning in 1999.

Source: Department of Labor, Bureau of Labor Statistics.

Northrop, Lori

From: Stoll, Joanna
Sent: Thursday, March 03, 2005 10:22 AM
To: LRB.Legal
Subject: Draft review: LRB 05-1972/1 Topic: Increasing the limits for AODA coverage

It has been requested by <Stoll, Joanna> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 05-1972/1 Topic: Increasing the limits for AODA coverage