

WISCONSIN STATE  
LEGISLATURE  
COMMITTEE HEARING  
RECORDS

2005-06

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on  
Insurance  
(AC-In)

File Naming Example:

Record of Comm. Proceedings ... RCP

➤ 05hr\_AC-Ed\_RCP\_pt01a

➤ 05hr\_AC-Ed\_RCP\_pt01b

➤ 05hr\_AC-Ed\_RCP\_pt02

COMMITTEE NOTICES ...

➤ Committee Hearings ... CH (Public Hearing Announcements)

➤ \*\*

➤ Committee Reports ... CR

➤ \*\*

➤ Executive Sessions ... ES

➤ \*\*

➤ Record of Comm. Proceedings ... RCP

➤ \*\*

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INFORMATION COLLECTED BY COMMITTEE  
CLERK FOR AND AGAINST PROPOSAL

➤ Appointments ... Appt

➤ \*\*

Name:

➤ Clearinghouse Rules ... CRule

➤ \*\*

➤ Hearing Records ... HR (bills and resolutions)

➤ **05hr\_ab0553\_AC-In\_pt01**

➤ Miscellaneous ... Misc

➤ \*\*



# Vote Record Committee on Insurance

*Full*

Date: 11/29

Moved by: \_\_\_\_\_ Seconded by: \_\_\_\_\_

AB 553 SB \_\_\_\_\_ Clearinghouse Rule \_\_\_\_\_  
 AJR \_\_\_\_\_ SJR \_\_\_\_\_ Appointment \_\_\_\_\_  
 AR \_\_\_\_\_ SR \_\_\_\_\_ Other \_\_\_\_\_

A/S Amdt <sup>LEB</sup> 503162 6316  
 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     Nonconcurrency

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Ann Nischke, Chair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Steve Wieckert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Gregg Underheim	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Phil Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Terri McCormick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Curtis Gielow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Karl Van Roy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Joan Ballweg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Terry Moulton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative David Cullen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative John Lehman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Tony Staskunas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Terese Berceau	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Thomas Nelson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Michael Sheridan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: \_\_\_\_\_

Motion Carried       Motion Failed

Stackuno

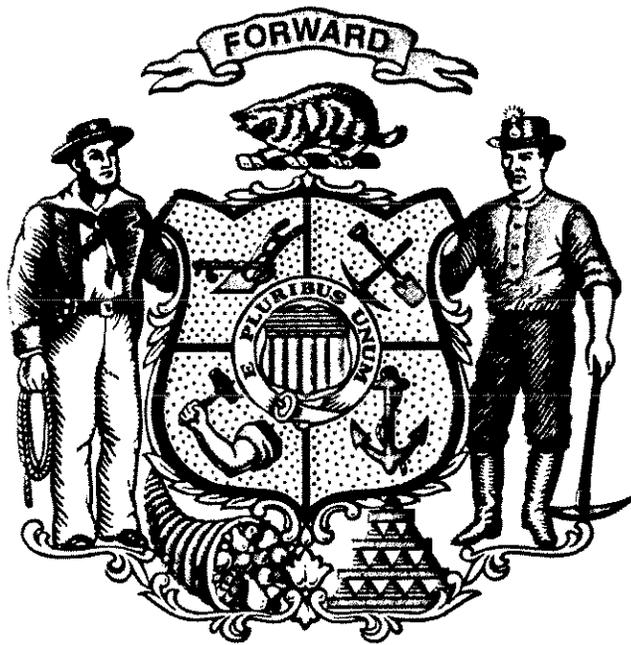
AB 553

passage - NO  
subt. med. NO

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AB 617

yes on passage



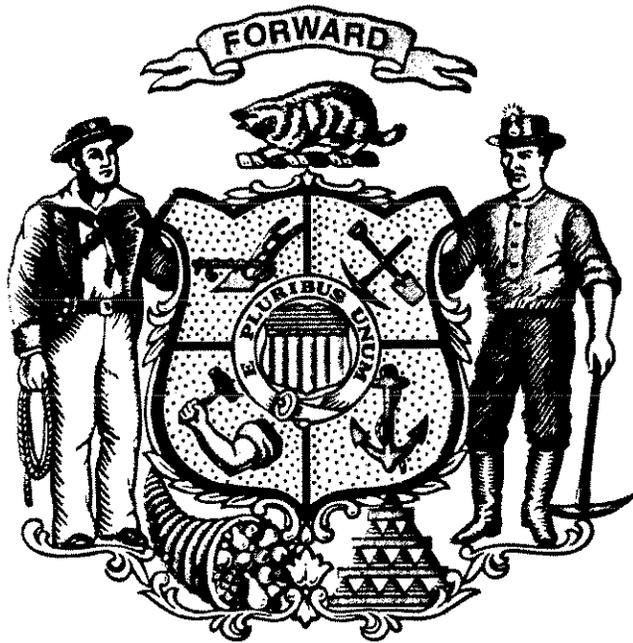
**2005 ASSEMBLY BILL 553**

July 7, 2005 – Introduced by Representatives WIECKERT, MUSSER, VOS, BIES, SHILLING, PRIDEMORE, GUNDERSON, DAVIS, LOTHIAN, NASS, ALBERS, HINES and MCCORMICK, cosponsored by Senator OLSEN. Referred to Committee on Insurance.

**relating to:** social and financial impact reports.

***Analysis by the Legislative Reference Bureau***

Current law requires that, if any bill contains a health insurance mandate affecting an insurance policy, plan, or contract, the Commissioner of Insurance must submit to the presiding officer of the house in which the bill is introduced a report on the social and financial impact of the mandate but current law does not specify a time by which the report must be submitted. This bill requires that the report be submitted if any amendment, as well as any bill, contains a health insurance mandate, and requires that the Commissioner of Insurance submit the report before any vote is taken on the bill or amendment by any standing committee or either house of the legislature. For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.





State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor  
Jorge Gomez, Commissioner

Wisconsin.gov

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Web Address: [oci.wi.gov](http://oci.wi.gov)

November 2, 2005



Representative Ann Nischke  
Chair, Assembly Insurance Committee  
Room 8 North, State Capitol  
PO Box 8953  
Madison, WI 53708

RE: Assembly Bill 553

I apologize that I am not here to offer public testimony, however, I would like to provide these written comments to you on AB 553.

Current law requires OCI to produce a social and financial impact statement for any health insurance mandate that is introduced as a bill in the State Legislature. AB 553 would extend this requirement to any amendments that are added to health insurance mandate bills and would require that the impact report be submitted to the presiding officer prior to a committee vote.

OCI's current practice is to forward social and financial impact statements prior to committee hearings. However, OCI has occasionally delivered the statements to the presiding officers prior to a floor vote. Adding amendments to the social and financial impact process is expected to significantly increase the amount of staff time devoted to the preparation of such reports. How much of an increase is dependent solely on the number of amendments introduced. Members of the legislature frequently introduce amendments to bills very late in the legislative process and frequently these amendments occur just prior to a committee hearing or during floor debate. Under such short time constraints, OCI may not be able to comply with the provisions of AB 553.

Social and financial impact statements require significant research in order to provide a picture of the future effect of any proposed health insurance mandate. Specifically, 601.423 Wis. Stats requires a report to provide both social and financial impact factors that should include:

**Social impact factors.**

- The portion of this state's residents who use the treatments or services covered by the health insurance mandate.
- The extent to which individuals use these treatments or services.
- The availability of insurance coverage for these treatments or services.

Rep. Nischke  
AB 553  
November 2, 2005

- The number of persons who would be eligible for coverage under the health insurance mandate, and the availability of insurance coverage for these persons without the health insurance mandate.

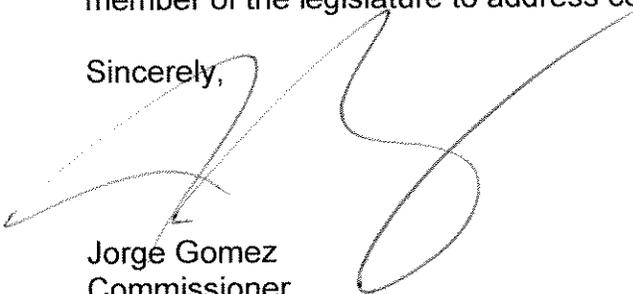
**Financial impact factors.**

- Whether the health insurance mandate may increase or decrease the costs of the treatments or services covered by the health insurance mandate.
- Whether the health insurance mandate would increase the use of the treatments or services covered by the health insurance mandate.
- Whether any increased use would substitute for more expensive treatments or services. The impact of the health insurance mandate on total costs of health care in this state.
- Whether the health insurance mandate may increase the administrative costs to insurance companies and the premium costs to policyholders.

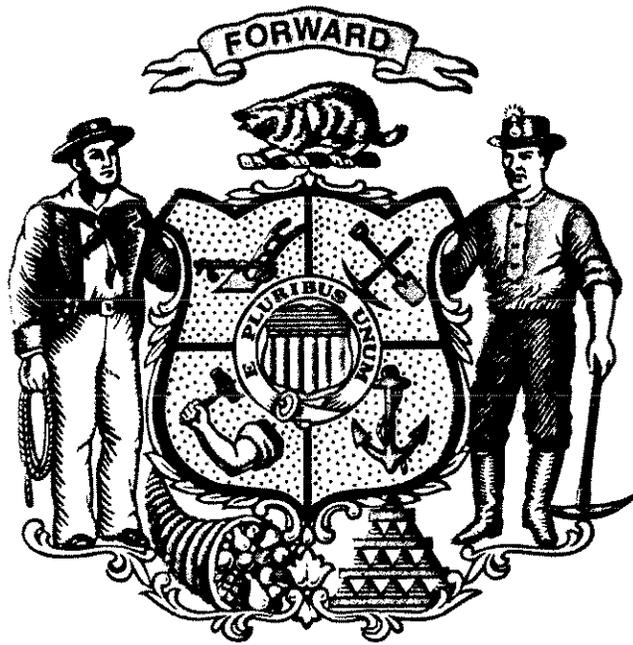
If the social and financial impact report process is drastically shortened due to an abbreviated time frame, OCI would not be able to present complete information that the legislature could rely upon when discussing the merits of any health insurance mandate.

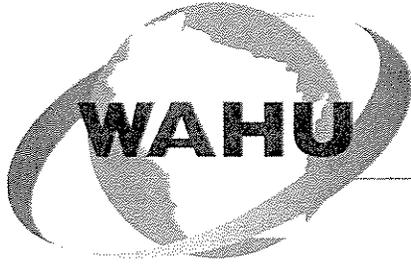
OCI is unaware of any issues regarding the current process. OCI's due diligence in this issue did not reveal any underlying problem to justify such a dramatic change in the reporting process. I and my staff would be happy to meet with the bill's author, or any member of the legislature to address concerns that they have.

Sincerely,



Jorge Gomez  
Commissioner





# WISCONSIN ASSOCIATION OF HEALTH UNDERWRITERS

*Wisconsin's Benefit Specialists*

## **Assembly Committee on Insurance**

### **Assembly Bill 553**

November 3, 2005

The members of the Wisconsin Association of Health Underwriters (WAHU) and National Association of Health Underwriters (NAHU) are comprised of insurance professionals involved in the sale and service of health benefits, long-term care benefits, and other related products, serving the insurance needs of over 100 million Americans. We have almost 18,000 members around the country and nearly 600 members here in Wisconsin. Our membership is primarily made up of insurance agents that work directly for and with the consumers of health care. Since our number one concern is our customers, we consider ourselves to be consumer advocates and look at how any legislation or issue will affect these customers.

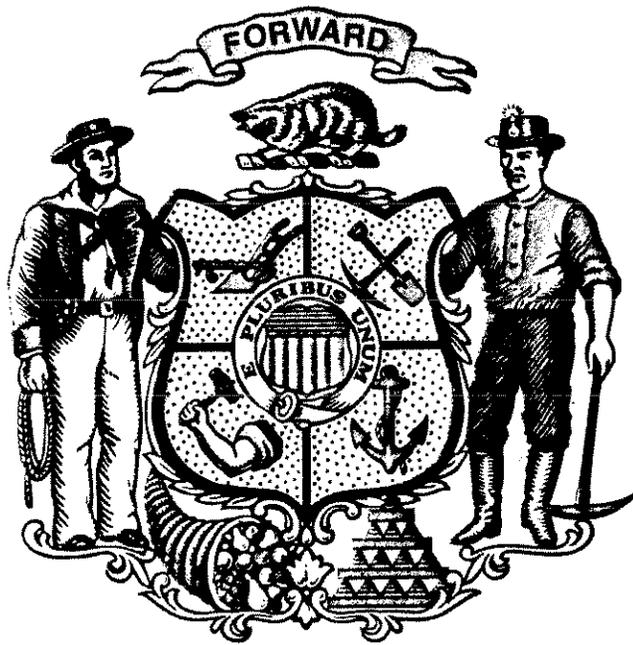
WAHU supports Assembly Bill 553 as we believe it will help protect Wisconsin consumers. With health care costs rising at a rate that is unaffordable for more and more consumers, any legislative proposal that has an impact on these costs must take into consideration any social or financial impact the proposal will have on the marketplace. Therefore, the importance of an accurate and detailed study on the effects of the mandate cannot be overstated.

While current law requires a social and financial impact study provided by the OCI on any proposed mandate, at issue is that some mandates make their way in the legislature through amendments to legislation. This loophole needs to be closed. Furthermore, receiving this information after the bill have been voted on is of little use to legislators who want to use this information in order to make an informed and educated vote on an a very important piece of legislation. AB553 closes both of the loopholes that exist with current law. It will require that these impact studies be completed on amendments, as well as bills, and requires that the study be reviewed prior to the legislature acting upon the mandate.

WAHU supports AB553, but does have a concern on how the bill will affect the Office of the Commissioner of Insurance (OCI). In the OCI's fiscal estimate on AB553, they raise some concerns pertaining to staffing and the ability to actually conduct the study in the time frame outlined in the bill. WAHU would suggest an amendment to AB553 that would provide the OCI with ample time needed to conduct such a study and would further suggest that all action on the bill be postponed until the study is completed and distributed to the legislature.

We would urge this committee to approve AB553 and to support the suggested amendment as a way in which the legislature could be confident that social and financial impact studies are as complete and accurate as possible.

Thank you for the opportunity to provide our comments.





WISCONSIN

**Statement Before the  
Assembly Committee on Insurance**

**By**

**Bill G. Smith  
State Director  
National Federation of Independent Business  
Wisconsin Chapter**

**Thursday, November 3, 2005  
Assembly Bill 553**

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Madam Chair, and members of the Committee, I appreciate the opportunity to appear in support of passage of Assembly Bill 553.

In previous appearances before this Committee I have testified the small business community is being challenged every day with the high cost and less coverage of their health insurance plans. These small business employers and their employees are increasingly looking toward their government – not as a solution – but as a facilitator to stabilize health insurance costs.

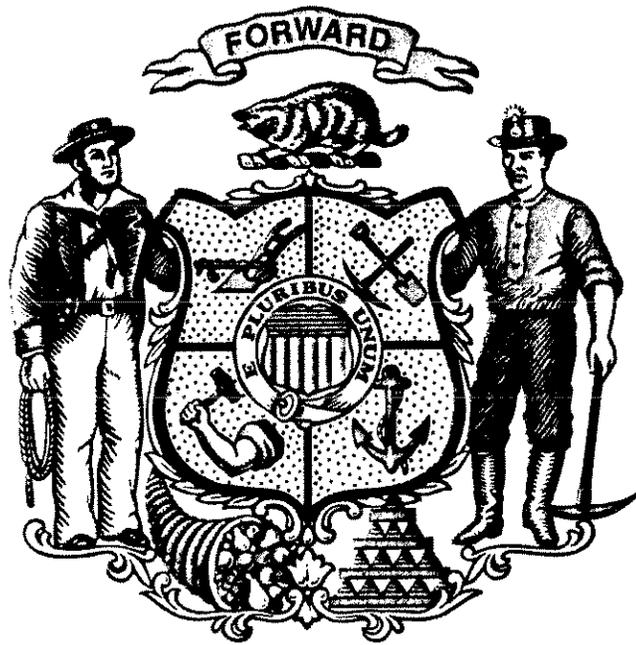
NFIB members understand the role government sometimes plays in raising the cost of their health insurance plans. They understand that elected officials, acting with the best intentions contribute to higher health insurance costs every time a new mandated benefit becomes law. This is the reason small business opposes legislation that would require them to purchase coverage mandated by the government.

At the very least, before the government mandates another benefit, it makes sense to determine the impact of that mandate on the cost and availability of health insurance for our state's small business owners.

The law already requires a social and financial impact analysis be prepared for legislation that mandates specific coverages, Assembly Bill 553 would extend that requirement to amendments that mandate coverage as well.

This legislation is reasonable and it makes sense for policymakers to know and understand the impact mandated coverage will have on the cost, coverage and availability of health insurance for Wisconsin's small business owners and their employees.

Thank you, and **I hope you will act favorably on Assembly Bill 553.**





## Wisconsin Manufacturers & Commerce

Wisconsin Manufacturers'  
Association • 1911  
Wisconsin Council  
of Safety • 1923  
Wisconsin State Chamber  
of Commerce • 1929

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**James A. Buchen**  
Vice President  
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**James R. Morgan**  
Vice President  
Education and Programs

**Michael R. Shoys**  
Vice President  
WMC Service Corp.

To: Chairperson Ann Nischke  
Members of the Assembly Committee on Insurance  
From: R.J. Pirlot, Director of Legislative Relations  
Date: November 3, 2005  
Subject: **Support AB 553**, relating to social and financial impact reports  
on health insurance bills and amendments.

---

Assembly Bill (AB) 553 would require the Office of the Commissioner of Insurance to create social and financial impact reports on health insurance bills and amendments. AB 553 would require submission of such a report before any vote is taken on such a bill or amendment by any standing committee or by either house of the legislature, whichever vote occurs first.

### **Mandates Increase Costs and Reduce Access**

Rising health care insurance costs are a major concern for businesses, big and small, as they strive to stay competitive, whether doing business regionally, nationally or globally. State health insurance mandates drive up the price of health care insurance and undermine access to affordable health care insurance.

Moreover, state health insurance mandates only affect employers who cannot afford to self-insure their health plans, because self-insured plans are governed by federal law and are not subject to state regulation. One of the reasons for the disparity in the cost of coverage between large and small businesses is the financial effect that state benefit mandates and regulations have on the health benefit plans offered in the market by insurance companies. State mandates drive up the cost of health insurance sold in Wisconsin and make it harder for employers and employees to afford coverage, small businesses in particular.

### **Social and Financial Impact Reports Can Provide Direction**

OCI-generated social and financial impact reports can provide meaningful information as the Legislature considers imposition of new health care insurance mandates. Sessions past, such reports have helped the Legislature weigh the costs and benefits of new mandates and have, in my estimation, greatly added to the debate. Such statements are most beneficial if they are available *before* a vote has been taken, which has not always been the case. In the 2001 session, for example, 2001 SB 157 would have increased mandated benefits for mental health and AODA treatments. The social and financial impact report of 2001 SB 157 was released October 16, 2001; the state Senate standing committee had already taken executive action on September 28, 2001. AB 553 would help ensure the Legislature has timely access to such reports.

Wisconsin Manufacturers & Commerce respectfully requests you support AB 553.

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Madison, WI 53703-2944  
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Madison, WI 53701-0352  
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Fax: (608) 258-3413  
[www.wmc.org](http://www.wmc.org)

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THOMAS L. SPERO, Office Managing Partner  
Deloitte & Touche LLP, Milwaukee

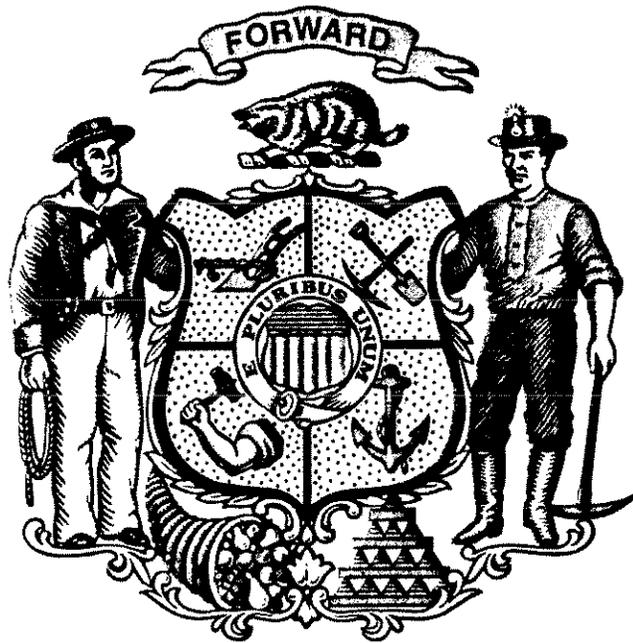
JOHN B. TORINUS JR., Chairman & CEO  
Serigraph Inc., West Bend

JOHN TOUSSAINT, M.D., President & CEO  
ThedaCare, Inc., Appleton

LARRY L. WEYERS, Chairman, President & CEO  
WPS Resources Corporation, Green Bay

GERALD WHITBURN, CEO & President  
Church Mutual Insurance Company, Merrill

EDWARD J. ZORE, President & CEO  
Northwestern Mutual, Milwaukee



# **Testimony of State Representative Steve Wieckert**

## **Assembly Bill 553 – Social & Financial Impact Reporting by OCI *Assembly Committee on Insurance 417 North (GAR) – November 3, 2005***

Good morning Chairwoman Ann Nischke and members of the committee. I am pleased to come before you today to talk about Assembly Bill 553, regarding social and financial impact reports from the Office of the Commissioner of Insurance for any bill that contains a health mandate.

Under current law, if any bill contains a health insurance mandate affecting an insurance policy, plan, or contract, the Commissioner of Insurance must submit a report on the social and financial impact of the mandate to the presiding officer of the house in which the bill is introduced. However, current law does not specify a time by which the report must be submitted.

This bill requires that the report be submitted if any amendment, as well as any bill, contains a health insurance mandate, and requires that the Commissioner of Insurance submit the report before any vote is taken on the bill or amendment by any standing committee or either house of the legislature.

This bill will be another tool to help solve Wisconsin's public enemy number one, which is high health care costs. Sometimes when we look at the enemy we find it is us. In this case, we are familiar with the phrase of that hypothetical legislator who says that they are opposed to all health insurance mandates --- except the one they would like to offer! The problem is there are 132 legislators!

Finding solutions to the high cost of health care should be priority one for us. This bill moves us in that direction. As legislators we need to make informed decisions.

We now have fiscal notes which tell us how much a bill will cost state government. Last session I authored legislation creating economic impact statements which would say how much a bill would cost the private sector. Now I am trying to put teeth into the financial impact statements which will tell us how much insurance premiums will increase on otherwise well-intended legislation.

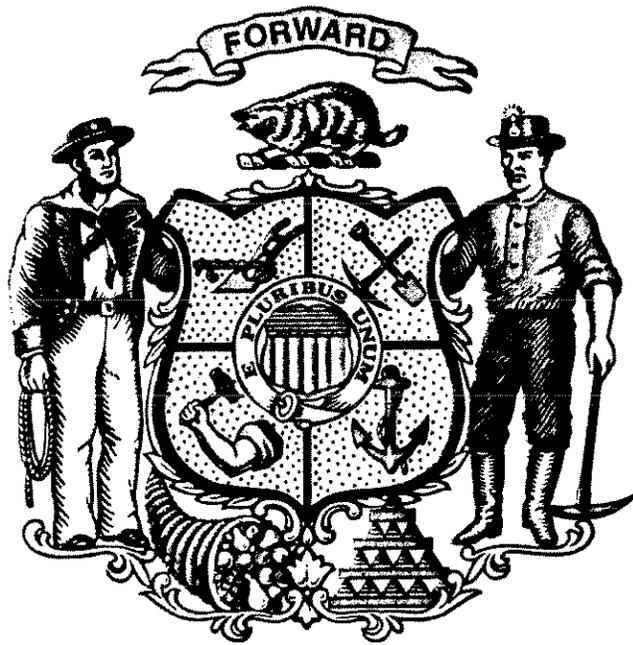
The whole intent of this bill is to ensure that we have that vital information before we actually vote on the subject, not after. That is to me common sense.

I have read all the information put out by the Office of the Commissioner of Insurance. They express concern that in order to cover all the amendments they may not be able to give as much comprehensive information as they would like. I certainly understand that. I would count of them to give it their best good faith effort, and that would be acceptable to me. Some basic information before the vote is more important to me than a 20 page report after we enacted it.

There are supporters of this legislation that would like to amend this bill to expand its scope and to provide structure and time frames which would require even more consideration before we enact bills that would increase health insurance premiums. These amendments I would support if the proponents have a good indication that the legislation will pass into law. I have talked with a number of my colleagues and some Administration officials and at the time of developing this legislation this bill was designed to achieve the maximum consensus I could get with reasonable expectation of the bill passing into law.

High health care costs and how to pay for them are some of the biggest worries for Wisconsin families. Many families simply cannot afford health insurance, which is tragic. Also the high cost of health insurance and health care is a major cost to our businesses, which makes it more difficult to compete with price on goods and services in the world market. Controlling the forces that drive up premiums and costs such as mandates will be more under control through the passage of this bill.

Thank you. At this time I would be happy to answer any questions of the committee.



Hearing Procedures  
Committee on Insurance  
November 3, 2005

Call to Order:

*“The Assembly Committee on Insurance will come to order. Will members and visitors please take their seats.”*

[Use gavel, if necessary]

Call of the Roll:

*“The clerk will call the roll.”*

[Clerk calls the roll.]

*“Representatives X, Y, and Z are excused. We will hold the roll open for members that may be joining us later.”*

Welcome:

*“Welcome and thank you for being here. Today we are holding a public hearing on Assembly Bills 553 and Assembly Bill 617. As some members and citizens wishing to testify have time constraints, I ask that the committee and visitors remain flexible so that we may accommodate everyone here today.*

*Please note the memorandum on Clearinghouse Rule 05-059 (INS 9) and the action taken by the Senate Committee on Agriculture and Insurance.*

*Please also note there is an updated copy of Clearinghouse Rule 05-066, which is also available online through Folio.”*

Committee Operations:

*“If you are here to testify before the committee, please fill out a hearing slip and return it to a messenger. If you do not want to speak, but want to register your position, you may do so on the same slips. Anyone with time constraints should indicate that on the hearing slips. We will do our best to accommodate you.*

*Written testimony is highly encouraged. Please give it to the messenger when you are called to speak.*

*Speakers are encouraged to summarize their remarks rather than reading verbatim, and avoid repeating previous speakers. Questions from members will follow testimony.*

*To the extent possible, we will alternate between speakers with different points of view on the subjects before the committee.*

*It is our hope that we will be able to adjourn at a reasonable hour so your brevity is appreciated.*

*Today’s proceedings will be recorded but not broadcasted. Audio links and committee documents and written testimony can be found online at ([www.RepNischke.com](http://www.RepNischke.com)).*

*Are there any questions from members?”*

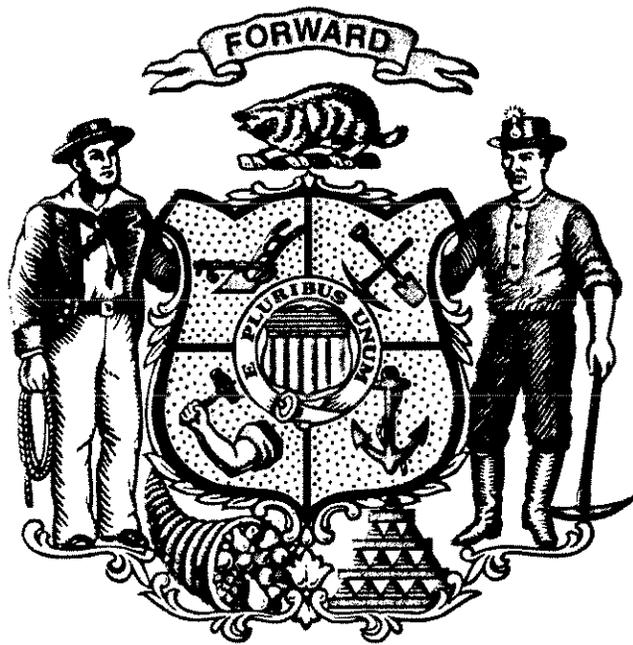
Next to last person to testify:

*“This is the last person to register on this topic. If anyone else wants to speak, please complete a hearing slip and give it to the messenger at this time.”*

Adjournment:

*“Thank you everyone who came today and sharing us with your perspective. Thank you for those who stayed until the end for your patience.”*

*With no other business before the committee, this hearing is adjourned.”*



Hearing Procedures  
Committee on Insurance  
November 29, 2005

Call to Order:

*“The Assembly Committee on Insurance will come to order. Will members and visitors please take their seats?”*

[Use gavel, if necessary]

Call of the Roll:

*“The clerk will call the roll.”*

[Clerk calls the roll.]

*“We will hold the roll open for members that may be joining us later.”*

Welcome:

*“Welcome and thank you for being here. Today we are holding an executive session on Assembly Bill 553, 617, 844 and Senate Bill 288.*

*If there is no objection, we will consider Senate Bill 288 after Assembly Bill 617 since they are companion bills.*

*As some members have time constraints, I also ask that the committee hold the roll open for members joining us later.*

*Additionally, because of the short notice of our meetings, yesterday I asked that members allow bill amendments during our executive session in the morning.*

*Please note that to report our bills out, an LRB number is required. If you have an amendment in the process of being drafted, I ask that you at least provide the committee clerk with a full LRB number including the version (slash-number).*

*As a courtesy to amendment authors, I ask, if there is no objection, that amendments be introduced by unanimous consent, so that we will consider only adoption of amendments.”*

*“Written testimony as well as a draft committee report was emailed and hand-delivered to your offices last night for your review.*

*Are there any questions from members?”*

Committee Operations:

Assembly Bill 533: 553

1. Explanation of **bill and amendment** by Legislative Council.
2. Substitute Amendment LRBs03162
3. Bill as amended

Assembly Bill 617 and Senate Bill 288

1. Explanation of both **bills and amendment** by Legislative Council
2. Consideration of ASA 1 (LRBs0287) to AB 617.
3. Consideration of Assembly Bill 617 as amended.
4. Unanimous consent that the roll for Assembly Bill 617 apply to Senate Bill 288.

Assembly Bill 844

1. Explanation of both **bill and amendments** by Legislative Council
2. Consideration of LRBaXXXX. 1580

Intro →

3. Consideration of LRBa~~XXXX~~ 1576
4. Consideration of LRBa~~XXXX~~ 1579
5. Consideration of LRBa~~XXXX~~ ~~1560~~ 1560
6. Consideration of ASA 1 (LRBs0319) to AB 844
7. Consideration of Assembly Bill 844 as amended.

Adjournment:

***“Thank you everyone who came and engaged in the discussion today. I will remind those present that committee documents including a draft committee report will be available online at ([www.RepNischke.com](http://www.RepNischke.com)).*”**

***With no other business before the committee, this executive session is adjourned.*”**

Debate  
Notice