

2011 Jr1 DRAFTING REQUEST

Senate Amendment (SA-SSA1-SB2)

Received: 01/18/2011

Received By: mshovers

Wanted: As time permits

Companion to LRB:

For: Sandy Pasch (608) 266-7671

By/Representing: Fred

May Contact:

Drafter: mshovers

Subject: Tax, Individual - income credit

Addl. Drafters:

Extra Copies: PJK

Submit via email: YES

Requester's email: Rep.Pasch@legis.wisconsin.gov

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Nonrefundable individual income tax credit for health savings accounts; first-dollar coverage

Instructions:

See attached. Credit can't be claimed unless the underlying HSA offers "first-dollar coverage." Based on a0117 and a0120, but to the sub.

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>
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FE Sent For:

<END>

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FE Sent For:

<END>

Shovers, Marc

From: Ludwig, Frederic
Sent: Tuesday, January 18, 2011 11:12 AM
To: Kahler, Pam
Cc: Shovers, Marc
Subject: RE: Amendment to SSAB2

I just talked to Sandy, and she thought leaving it to OCI is the best option. Frankly, probably not worth going through a whole set of services for the purpose of the amendment.

Pam... definitely agree with your interpretation of first dollar coverage. Does all of this give you enough to run with for an amendment, or do you need any further clarification?

From: Kahler, Pam
Sent: Tuesday, January 18, 2011 10:47 AM
To: Ludwig, Frederic
Cc: Shovers, Marc
Subject: RE: Amendment to SSAB2

I think Dick's suggestion to have OCI define by rule is good - unless you want to have a specific list. "First dollar coverage" to me means no cost sharing, so not only no deductibles would apply, but there would be no copays or coinsurance, either.

From: Ludwig, Frederic
Sent: Tuesday, January 18, 2011 10:34 AM
To: Shovers, Marc
Cc: Kahler, Pam
Subject: FW: Amendment to SSAB2

Sorry to bombard you, but your thoughts on Dick's suggestion below? Assuming he is referencing the following language:

An HDHP may provide preventive care benefits without a deductible or with a deductible below the minimum annual deductible. Preventive care includes, but is not limited to, the following.

1. Periodic health evaluations, including tests and diagnostic procedures ordered in connection with routine examinations, such as annual physicals.
2. Routine prenatal and well-child care.
3. Child and adult immunizations.
4. Tobacco cessation programs.
5. Obesity weight-loss programs.
6. Screening services. This includes screening services for the following:
 - a. Cancer.
 - b. Heart and vascular diseases.
 - c. Infectious diseases.
 - d. Mental health conditions.
 - e. Substance abuse.
 - f. Metabolic, nutritional, and endocrine conditions.
 - g. Musculoskeletal disorders.
 - h. Obstetric and gynecological conditions.
 - i. Pediatric conditions.
 - j. Vision and hearing disorders.

From: Sweet, Richard

Sent: Tuesday, January 18, 2011 10:29 AM
To: Ludwig, Frederic
Subject: RE: Amendment to SSAB2

Actually, this publication might provide a start for defining preventive services--scroll down about 10% of the way. Or you could leave it up to OCI to define.

<http://www.irs.gov/publications/p969/ar02.html>

Dick

From: Sweet, Richard
Sent: Tuesday, January 18, 2011 10:26 AM
To: Ludwig, Frederic
Subject: RE: Amendment to SSAB2

I think the amendment you are suggesting would require that the high deductible policy that goes along with the HSA would have to provide full coverage for preventive health care services even though the insured had not yet satisfied the deductible. I'm not sure there's a definition for preventive health care services, so maybe you would want to have OCI define it by rule.

Dick

From: Ludwig, Frederic
Sent: Tuesday, January 18, 2011 10:10 AM
To: Sweet, Richard
Subject: FW: Amendment to SSAB2

No response from Eileen yet, so just thought I'd see if you knew of any cross-reference/had any suggestions offhand...

From: Shovers, Marc
Sent: Tuesday, January 18, 2011 10:00 AM
To: Ludwig, Frederic
Cc: Kahler, Pam
Subject: RE: Amendment to SSAB2

Hi Fred:

I think something could be drafted along these lines, but I need to know how exactly I should describe "first-dollar coverage for preventative services." Is that a term of art that does not have a definition? The phrase "first-dollar coverage" does not appear in the statutes, or the Internal Revenue Code, so perhaps OCI could suggest a definition or provide a cross-reference to an appropriate part of the IRC. Thanks.

Marc

From: Ludwig, Frederic
Sent: Tuesday, January 18, 2011 9:48 AM
To: Shovers, Marc
Subject: RE: Amendment to SSAB2

Funny...as soon as the amendment draft got in our inbox, I got a call from Sandy on another amendment she had been mulling over. Not sure if this is even feasible or not, but she would like to look at language that would require plans to provide first-dollar coverage for preventative services in order to qualify for the tax credit.

I just shot something over to Eileen Mallow at OCI to see what she thinks, but just thought I'd get this on your radar in the meantime. I'll let you know when/if I hear more, but certainly let me know if you have any feedback as well.

Thanks,
Fred

From: Shovers, Marc
Sent: Tuesday, January 18, 2011 9:05 AM
To: Ludwig, Frederic
Subject: RE: Amendment to SSAB2

Hi Fred:

Yes, I got it. Both amendment should be out soon.

Marc

From: Ludwig, Frederic
Sent: Tuesday, January 18, 2011 9:02 AM
To: Shovers, Marc
Subject: RE: Amendment to SSAB2

Hi Marc,

Just wanted to touch base and make sure you received this request. After giving this a closer look, would you be able to prepare identical amendments for SSAB2 and SSSB2 (we're not sure which one might hit the floor yet...).

Again, please let me know if you need any further clarification, and thanks in advance for taking a look at this.

Fred

From: Ludwig, Frederic
Sent: Friday, January 14, 2011 5:12 PM
To: Shovers, Marc
Subject: RE: Amendment to SSAB2

And by "HAS", I mean "HSA" (auto-correct is a pain when trying to type that...)

Thanks for looking into this, and I hope you have a good weekend.

Fred

From: Ludwig, Frederic
Sent: Friday, January 14, 2011 3:03 PM
To: Shovers, Marc
Subject: Amendment to SSAB2

Hi Marc,

Sandy would like to have an amendment drafted to SSAB2 that would tack on a state penalty of 33 and 1/3% of what the federal penalty is for withdrawing HAS funds for non-qualified medical expenses.

In theory, it would be similar to state statues surrounding improper withdrawals from IRAs:

71.83 (1) (a) 6. 'Retirement plans.' Any natural person who is liable for a penalty for federal income tax purposes under section 72 (m) (5), (q), (t), and (v), 4973, 4974, 4975, or 4980A of the Internal Revenue Code is liable for 33% of the federal penalty unless the income received is exempt from taxation under s. 71.05 (1) (a) or (ae). The penalties provided under this subdivision shall be assessed, levied, and collected in the same manner as income or franchise taxes.

Please let me know if you have any questions regarding the request or if you would like to discuss further.

Fred

--

Fred Ludwig
Office of Representative Sandy Pasch
608.266.7671 (office)
888.534.0022 (toll-free)
608.282.3622 (fax)



State of Wisconsin
2011 - 2012 LEGISLATURE

January 2011 Special Session



LRBa0125/

MES...C...NWN

PMR

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

SENATE AMENDMENT ,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 2

WANTED
Today

- 1 At the locations indicated, amend the substitute amendment[✓] as follows:
- 2 **1.** Page 1, line 3: after “purposes” insert “, granting rule-making authority.”[✓]
- 3 **2.** Page 2, line 9: delete “The following” and substitute “Except as otherwise
4 provided, the following”[✓].
- 5 **3.** Page 2, line 13: delete “accounts.” and substitute “accounts, except that
6 these provisions do not apply to an individual who claims the federal deduction for
7 a contribution to a health savings account if the high deductible health plan under
8 which the individual, or the individual and his or her family, is covered requires a
9 deductible, copayment, or coinsurance for preventive services, as that term is

1 defined by the commissioner of insurance by rule, that are performed by a health care
2 provider as defined in s. 103.10 (1) (e).” ✓

3 (END)