



## State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tony Evers, Governor  
Mark V. Afable, Commissioner

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August 22, 2019

Mr. Jeff Renk  
Senate Chief Clerk  
State Capitol  
P.O. Box 7882  
Madison, WI 53707

Mr. Patrick Fuller  
Assembly Chief Clerk  
17 West Main Street  
Room 410  
Madison, WI 53703

**Re: Social and Financial Impact Report—2019 Senate Bill 340 relating to cost-sharing for insulin under health insurance policies and plans.**

Dear Chief Clerks Renk and Fuller:

Pursuant to Wis. Stat. § 601.423, the Office of the Commissioner of Insurance (OCI) is submitting a social and financial impact report on 2019 Senate Bill 340 relating to cost-sharing for insulin under health insurance policies and plans.

**Cost Sharing for Insulin**

OCI has determined that 2019 Senate Bill 340 requires a social and financial impact report for the following reason:

1. The provision requires a particular benefit design or imposes conditions on cost sharing under an insurance policy, plan, or contract for the treatment of a particular disease, condition, or other health care need, for a particular type of health care treatment or service, or for the provision of equipment, supplies, or drugs used in connection with a health care treatment or service.

**Social Impact**

Pursuant to Wis. Stat. § 632.895 (6), disability insurance policies that provide coverage for the treatment of diabetes and among other related coverages, shall provide coverage for insulin or any other prescription medication used in the treatment of diabetes. The coverage may be subject to the same exclusion, limitations, deductibles and co-insurance provisions of the policy as other covered expenses. OCI has reviewed the requirements proposed in 2019 Senate Bill 340 section 4 creating Wis. Stat. § 632.895 (6) (b). The proposed paragraph both expands the types of entities affected by the diabetic mandate to include self-insured plans of the state, county, city, village, town or school districts that offer coverage for insulin and limits the amount of cost-sharing an insured can be charged for a one-month supply for insulin.

Insurers and identified self-funded plans, under the proposal, are required to determine the amount of cost-sharing for insulin that is the lesser of the following:

- 1 \$100.00 for a one-month supply of insulin.
- 2 The greater of either of the following:
  - a. The amount that is 125 percent of the cost to the policy.
  - b. The amount generated by subtracting 51 percent of the total rebates received by the policy from the cost sharing amount that would be charged to the insured if it was treated as any other prescription drug under the policy.

The bill further provides that an insurer may impose cost-sharing that is lower than either of these calculations.

According to the American Diabetes Association, approximately 517,000 people living in Wisconsin have diabetes. Additionally, every year an estimated 30,000 Wisconsinites will be diagnosed with diabetes. The State of Wisconsin Employee Trust Funds (ETF), insures approximately 238,000 members and has voluntarily complied with the mandate for coverage of insulin. For the period August 1, 2018 to July 31, 2019, ETF estimates that combined, members and the plan has paid approximately \$23,536,787 for insulin prescriptions for 8,050 members. Based upon the ETF's cost-sharing structure, members have paid \$213,122 of the total expenditure for insulin prescriptions with 102 prescriptions requiring member payment in excess of the proposed bill's \$100 for a 30-day supply of insulin.

OCI is unable to definitively determine at this time how many of the approximate 517,000 individuals with diabetes in Wisconsin are being treated with some form of insulin as part of the treatment of their diabetic condition. OCI is also unable to definitively determine at this time how many disability insurance policies and self-funded policies covering state, county, city, village, town or school districts are offering coverage for insulin with cost-sharing amounts that exceed the proposed limitations. Due to insufficient information noted above, OCI is unable to determine the number of individuals with diabetes who could benefit from the new insurance mandate proposed in 2019 Senate Bill 340.

### **Financial Impact**

The mandate for coverage of diabetic treatment and equipment has existed in Wisconsin since November 27, 1981, and amended periodically to specify inclusion of prescription medications used to treat diabetes. For disability insurers currently subject to the coverage and self-funded state, county, city, village, town or school districts that may voluntarily provide coverage for the treatment of diabetes including coverage for insulin, the fiscal impact of the proposed bill may lower insured's cost-sharing to the extent the current cost-sharing exceeds the proposed cap.

Insurers offering coverage through the federal marketplace exchange must provide coverage that is substantially similar to the state's established benchmark plan. The state's benchmark plan includes both state and federal coverage requirements and plans are required to offer preventive services, including diabetic treatment and insulin, consistent

Chief Clerks Renk and Fuller

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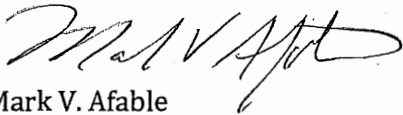
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with 45 CFR 147.130. Insurers offering grandfathered plans or transitional plans, non-federal governmental health plans, self-insured private employer plans, and large employer group health plan are not restricted to offering a plan that is similar to the Wisconsin benchmark plan. Large employers and non-federal governmental plans may select a benchmark plan from another state provided the plan includes Wisconsin's mandated benefits. OCI is unaware of the number of plans that cover insulin treatment and require cost-sharing that would exceed the proposed cap. Therefore, OCI cannot determine what additional expenditures there would be for the proposed limitations on cost-sharing for insulin.

Federal guidance requires a state that mandates health benefits in excess of the benchmark plan to defray the cost of the additional mandated health benefits but only for coverage offered through the federal marketplace exchange (see, 45 CFR § 155.170). Wisconsin's benchmark plan was established as of January 1, 2014, and included all statutory health mandates active on that date. 2019 Senate Bill 340 proposes to impose limitations on cost-sharing for insulin. The state may be determined to be required to defray additional costs imposed on a plan offered through the federal marketplace exchange with cost-sharing limitations on insulin in excess of the proposed cap if the cap is found by the federal government to extend coverage beyond the existing benchmark plan.

Please contact Nathan Houdek at (608) 266-2493 or [Nathan.Houdek@wisconsin.gov](mailto:Nathan.Houdek@wisconsin.gov) if you have any questions.

Respectfully submitted,



Mark V. Afable  
Commissioner

Cc: The Honorable Tony Evers, Governor of Wisconsin