



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2003 Assembly Bill 362

**Assembly Substitute
Amendment 1**

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Under *current law*, every health insurance policy that provides coverage for treatment of diabetes must provide coverage for: (a) expenses incurred for the installation and use of an insulin pump; (b) all other equipment and supplies, including insulin or any other prescription medication, used in the treatment of diabetes; and (c) diabetic self-management education programs. [s. 632.895 (6), Stats.] (The addition of the requirement to cover a prescription medication used to treat diabetes was included in 2001 Wisconsin Act 82.) This mandated coverage is subject to the same exclusions, limitations, deductibles, and coinsurance provisions of the policy as other covered expenses, except that the insulin infusion pump may be limited to the purchase of one pump per year and the insured may be required to use the pump for 30 days before purchase. The same requirements for coverage also apply to the state's self-insured plan for state employees (state employees plan).

2003 Assembly Bill 362 specifies that coverage of insulin and other prescription medication for diabetes treatment may *not* be subject to any deductibles, copayments, or coinsurance under a health insurance policy or the state employees plan. Thus, unless an exclusion or limitation applies, insulin and other prescription medication for diabetes would be paid at 100%.

Assembly Substitute Amendment 1 to the bill applies to only one type of health insurance policy, namely, a Medicare supplement policy. Unlike the bill, the substitute amendment does *not* apply to other health insurance policies or the state employees plan. The substitute amendment specifies that if a Medicare supplement policy provides coverage for treatment of diabetes, prescription medication for diabetes may not be subject to any deductibles, copayments, or coinsurance. Thus, unless an exclusion or limitation applies, prescription medication for diabetes would be paid at 100% under a Medicare supplement policy. The substitute amendment would apply to Medicare supplement policies that are issued or renewed on or after the first day of the fourth month beginning after publication.

Background

The minimum standards for Medicare supplement policies are established by the Office of Commissioner of Insurance (OCI) by administrative rule. [s. Ins 3.39, Wis. Adm. Code.] **Current rules** for Medicare supplement policies require payment in full for all usual and customary expenses for treatment of diabetes required under the mandated benefits provision in s. 632.895 (6), Stats., unless that payment would duplicate expenses paid by Medicare. [s. Ins 3.39 (5) (c) 13., Wis. Adm. Code.] OCI interprets this payment in full provision as applying to insulin.

However, a separate rule provision is interpreted as applying to other prescription medication for diabetes. For Medicare supplement policies without a prescription drug rider, **current rules** require coverage for at least 80% of the charges for outpatient prescription drugs after a drug deductible of no more than \$6,250 per calendar year. [s. Ins 3.39 (5) (b) 15., Wis. Adm. Code.] OCI issued a bulletin to insurers on October 16, 2002, explaining that because 2001 Wisconsin Act 82 mandated coverage for prescription medication for diabetes subject to the same exclusions, limitations, deductibles, and coinsurance provisions of the policy as other covered expenses, the \$6,250 annual deductible and 80% coinsurance for prescription drugs would apply to prescription medication for diabetes. For Medicare supplement policies with a drug rider, the same exclusions, limitations, deductibles, and coinsurance provisions that apply to other prescription medications also applies to prescription medication for diabetes.

The **substitute amendment** would provide that, under a Medicare supplement policy, prescription medication for diabetes would not be subject to any deductibles, copayment, or coinsurance. Thus, unless an exclusion or limitation applies, payment would be at 100%.

Legislative History

Assembly Substitute Amendment 1 to the bill was offered by the Assembly Committee on Insurance which then recommended adoption of the amendment on a vote of Ayes, 11; Noes, 3. The committee recommended the bill, as amended, for passage on a vote of Ayes, 9; Noes, 5.

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