



## 1997 ASSEMBLY BILL 721

January 15, 1998 - Introduced by Representatives NOTESTEIN, HARSDORF, OURADA, BOCK, TURNER, MUSSER, ROBSON, PLALE, BRANDEMUEHL, BOYLE, R. YOUNG, HASENOHRL, BALDWIN, RILEY, HANSON, L. YOUNG, WASSERMAN, KREUSER, SPRINGER, LA FAVE, MURAT and GRONEMUS, cosponsored by Senators ROESSLER, BURKE, SHIBILSKI, PANZER, GEORGE, DARLING, CLAUSING, WIRCH and ROSENZWEIG. Referred to Committee on Insurance, Securities and Corporate Policy.

1     **AN ACT to amend** 632.89 (2) (a) 2.; and **to repeal and recreate** 632.89 (2) (c),  
2             632.89 (2) (d) and 632.89 (2) (dm) of the statutes; **relating to:** deductibles for  
3             coverage of treatment for alcoholism and other drug abuse problems and  
4             nervous and mental disorders.

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### *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 provide coverage of inpatient hospital services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in the minimum amount of at least the first \$7,000 minus a copayment of up to 10% or the first 30 days of inpatient services, whichever is less. If a group health insurance policy provides coverage of any outpatient hospital services, it must provide coverage of outpatient hospital services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in the minimum amount of at least the first \$2,000 minus a copayment of up to 10%. If a group health insurance policy provides coverage of any inpatient or outpatient hospital services, it must provide coverage of transitional services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in the minimum amount of at least the first \$3,000 minus a copayment of up to 10%. (Transitional services are 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.)

The 1997-99 biennial budget act made a change with respect to this coverage requirement. Although the minimum coverage amounts remain the same, beginning on March 1, 1998, a group health insurance may impose deductibles for coverage of the treatment of nervous and mental disorders and alcoholism and other drug abuse problems. This bill reverses the change made in the budget act, except

with respect to any certificate issued under a group health insurance policy that has a high deductible and is linked to a medical savings account. The effect is that, except for coverage under a certificate that has a high deductible and is linked to a medical savings account, a group health insurance policy may not impose deductibles for coverage of the treatment of nervous and mental disorders and alcoholism and other drug abuse problems.

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

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

1           **SECTION 1.** 632.89 (2) (a) 2. of the statutes, as affected by 1997 Wisconsin Act  
2 27, is amended to read:

3           632.89 (2) (a) 2. Except as provided in pars. (b) to (e), coverage of conditions  
4 under subd. 1. by a policy or certificate may not be subject to exclusions or  
5 limitations, ~~including deductibles~~, that are not generally applicable to other  
6 conditions covered under the policy or certificate.

7           **SECTION 2.** 632.89 (2) (c) of the statutes, as affected by 1997 Wisconsin Act 27,  
8 is repealed and recreated to read:

9           632.89 (2) (c) *Minimum coverage of inpatient hospital services.* 1. If a group  
10 or blanket disability insurance policy issued by an insurer provides coverage of any  
11 inpatient hospital treatment, the policy shall provide coverage for inpatient hospital  
12 services for the treatment of conditions under par. (a) 1. as provided in subds. 2. and  
13 3.

14           2. Except as provided in subd. 3. and par. (b), a policy under subd. 1. shall  
15 provide coverage in every policy year for not less than the lesser of the following:

16           a. The expenses of the first 30 days as an inpatient in a hospital.

17           b. The first \$7,000 minus a copayment of up to 10% for inpatient hospital  
18 services or, if the coverage is provided by a health maintenance organization, as

1 defined in s. 609.01 (2), the first \$6,300 or the equivalent benefits measured in  
2 services rendered.

3 3. Except as provided in par. (b), if a certificate issued under a policy under  
4 subd. 1. has high deductibles, high copayments or other high cost-sharing provisions  
5 and is linked to a medical savings account, the certificate shall provide coverage in  
6 every policy year for not less than the lesser of the following:

7 a. The expenses of 30 days as an inpatient in a hospital.

8 b. Seven thousand dollars minus a copayment of up to 10% for inpatient  
9 hospital services or, if the coverage is provided by a health maintenance  
10 organization, as defined in s. 609.01 (2), \$6,300 or the equivalent benefits measured  
11 in services rendered.

12 **SECTION 3.** 632.89 (2) (d) of the statutes, as affected by 1997 Wisconsin Act 27,  
13 is repealed and recreated to read:

14 632.89 (2) (d) *Minimum coverage of outpatient services.* 1. If a group or blanket  
15 disability insurance policy issued by an insurer provides coverage of any outpatient  
16 treatment, the policy shall provide coverage for outpatient services for the treatment  
17 of conditions under par. (a) 1. as provided in subds. 2. and 3.

18 2. Except as provided in subd. 3. and par. (b), a policy under subd. 1. shall  
19 provide coverage in every policy year for not less than the first \$2,000 minus a  
20 copayment of up to 10% for outpatient services or, if the coverage is provided by a  
21 health maintenance organization, as defined in s. 609.01 (2), the first \$1,800 or the  
22 equivalent benefits measured in services rendered.

23 3. Except as provided in par. (b), if a certificate issued under a policy under  
24 subd. 1. has high deductibles, high copayments or other high cost-sharing provisions  
25 and is linked to a medical savings account, the certificate shall provide coverage in

1 every policy year for not less than \$2,000 minus a copayment of up to 10% for  
2 outpatient services or, if the coverage is provided by a health maintenance  
3 organization, as defined in s. 609.01 (2), \$1,800 or the equivalent benefits measured  
4 in services rendered.

5 **SECTION 4.** 632.89 (2) (dm) of the statutes, as affected by 1997 Wisconsin Act  
6 27, is repealed and recreated to read:

7 632.89 (2) (dm) *Minimum coverage of transitional treatment arrangements.* 1.  
8 If a group or blanket disability insurance policy issued by an insurer provides  
9 coverage of any inpatient hospital treatment or any outpatient treatment, the policy  
10 shall provide coverage for transitional treatment arrangements for the treatment of  
11 conditions under par. (a) 1. as provided in subds. 2. and 3.

12 2. Except as provided in subd. 3. and par. (b), a policy under subd. 1. shall  
13 provide coverage in every policy year for not less than the first \$3,000 minus a  
14 copayment of up to 10% for transitional treatment arrangements or, if the coverage  
15 is provided by a health maintenance organization, as defined in s. 609.01 (2), the first  
16 \$2,700 or the equivalent benefits measured in services rendered.

17 3. Except as provided in par. (b), if a certificate issued under a policy under  
18 subd. 1. has high deductibles, high copayments or other high cost-sharing provisions  
19 and is linked to a medical savings account, the certificate shall provide coverage in  
20 every policy year for not less than \$3,000 minus a copayment of up to 10% for  
21 transitional treatment arrangements or, if the coverage is provided by a health  
22 maintenance organization, as defined in s. 609.01 (2), \$2,700 or the equivalent  
23 benefits measured in services rendered.

24 **SECTION 5. Initial applicability.**

25 (1) This act first applies to all of the following:

1 (a) Except as provided in paragraph (b), group or blanket disability insurance  
2 policies that are issued or renewed on the effective date of this paragraph.

3 (b) Group or blanket disability insurance policies covering employes who are  
4 affected by a collective bargaining agreement containing provisions inconsistent  
5 with this act that are issued or renewed on the earlier of the following:

6 1. The day on which the collective bargaining agreement expires.

7 2. The day on which the collective bargaining agreement is extended, modified  
8 or renewed.

9 **SECTION 6. Effective date.**

10 (1) This act takes effect on March 1, 1998, or on the day after publication,  
11 whichever is later.

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(END)