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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

1995-96

(session year)

Assembly

(Assembly, Senate or Joint)

**Committee on Insurance, Securities and
Corporate Policy...**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Assembly

Assembly Bill 545

Record of Committee Proceedings

AN ACT relating to tax-exempt individual employee medical savings accounts established by employers or self-employed persons with the difference between the cost of catastrophic and comprehensive health care coverage. Introduced by Representatives Harsdorf, Urban, Prosser, Jensen, Freese, Brancel, Underheim, Albers, Ourada, Grothman, Porter, Hahn, Vrakas, Duff, Musser, Ainsworth, Walker, Grobschmidt, Ziegelbauer, Schneiders, Olsen, Ladwig, Ott, Brandemuehl, Ward, Green, F. Lasee, Seratti, Kreibich, Plache, Goetsch, Gard, Nass, Kaufert, Silbaugh, La Fave, and Lehman; cosponsored by Senators Buettner, Rosenzweig, Darling, Schultz, Petak and Panzer.

01-02-96

Referred to committee on Insurance, Securities & Corporate Policy.

01-17-96

PUBLIC HEARING HELD

Present: (13) Representatives Albers, Lorge, Lasee, Underheim, Kreibich, Lazich, Hoven, Green, Baldus, Notestein, Robson, Cullen, and Ziegelbauer

Absent: (0) None.

Appearances For the Bill

- ▶ Dismas Becker-Golden Rule Insurance
- ▶ Representative Sheila Harsdorf-30th Assembly District
- ▶ Representative Frank Urban-99th Assembly District

Appearances Against the Bill

- ▶ Kelly Rosati-Association of Wisconsin HMOs

Appearances for Information Only

- ▶ Allan Patek-Employers Health Insurance-1100 Employers Blvd. Green Bay

Registrations For the Bill

- ▶ Bill G. Smith-National Federation of Independent Business/Wisconsin, 1 North Pinckney Suite 201, Madison
- ▶ Sabrina M. Gentile-Wisconsin Farm Bureau, PO Box 5550, Madison
- ▶ Ron Kuehn-Wisconsin Association of Life Underwriters, Professional Insurance Agents of

Wisconsin, Independent Insurance Agents of
Wisconsin, 2. E. Mifflin, Madison
‣ Tim Lawless-Aurora Health Care, 3000 W.
Montana, Milwaukee
‣ Senator Mary Panzer-20th Senate District

Registrations Against the Bill

‣ Joe Kachelski-Physician's Plus
‣ Alice O'Connor-Physician's Plus, 150 E.
Gilman, Ste. 3100, Madison

01-17-96

EXECUTIVE SESSION HELD

Present: (13) Representatives Albers,
Lorge, Lasee, Underheim,
Kreibich, Lazich, Hoven,
Green, Baldus, Notestein,
Robson, Cullen, and
Ziegelbauer

Absent: (0) None.

Moved by Representative Lorge, seconded by
Representative Kreibich that Assembly Substitute
Amendment LRB 0361/3 be introduced.

Ayes: (13) Representatives Albers,
Lorge, Lasee, Underheim,
Kreibich, Lazich, Hoven, and
Green, Baldus, Notestein,
Robson, Cullen, and
Ziegelbauer,

Noes: (0)

Absent: (0) None.

Motion carried: Introduction recommended.
INTRODUCTION OF ASSEMBLY SUBSTITUTE AMENDMENT
LRB 0361/3 RECOMMENDED: Ayes (13), Noes, (0),
Absent (0)

Moved by Representative Underheim, seconded by
Representative Ziegelbauer that Assembly
Amendment LRB 3197/1 to Assembly Substitute
Amendment LRB 0361/3 be introduced.

Moved by Representative Robson, seconded by
Representative Notestein that introduction of
Assembly Amendment LRB 3197/1 be unanimous.

Ayes: (13) Representatives Albers,
Lorge, Lasee, Underheim,
Kreibich, Lazich, Hoven,
Green, Baldus, Notestein,

Robson, Cullen, and
Ziegelbauer

Noes: (0) None.

Absent: (0) None.

Motion carried: Unanimous consent recommended.
UNANIMOUS CONSENT THAT ASSEMBLY AMENDMENT LRB
3197/1 BE INTRODUCED: Ayes (13), Noes (0),
Absent (0)

Moved by Representative Underheim, seconded by
Representative Lorge that Assembly Amendment LRB
3197/1 be recommended for adoption.

Ayes: (10) Representatives Albers,
Lorge, Lasee, Underheim,
Kreibich, Lazich, Hoven,
Baldus, Notestein, and
Ziegelbauer

Noes: (3) Representatives Green,
Robson, and Cullen

Absent: (0) None.

Motion carried: Adoption recommended.
ADOPTION: Ayes (10), Noes (3), Absent (0)

Moved by Representative Notestein, seconded by
Representative Robson that Assembly Substitute
Amendment LRB 0361/3 as amended be rejected.

Ayes: (5) Representatives Baldus,
Notestein, Robson, Cullen,
and Ziegelbauer.

Noes: (8) Representatives Albers,
Lorge, Underheim, Kreibich,
Lazich, Hoven, Lasee, and
Green

Absent: (0) None.

Motion failed: Rejection not recommended.
Ayes (5), Noes (8), Absent (0)

Moved by Representative Green, seconded by
Representative Underheim that Assembly
Substitute Amendment 0361/3 as amended be
adopted.

Ayes: (9) Representatives Albers,
Lorge, Lasee, Underheim,

Kreibich, Lazich, Hoven,
Green, and Baldus

Noes: (4) Representatives Notestein,
Robson, Cullen, and
Ziegelbauer

Absent: (0) None.

Motion carried: Adoption as amended
recommended.

Ayes (9), Noes (4), Absent (0)

Moved by Representative Green, seconded by
Representative Kreibich that Assembly Substitute
amendment LRB 031/3 be recommended for passage.

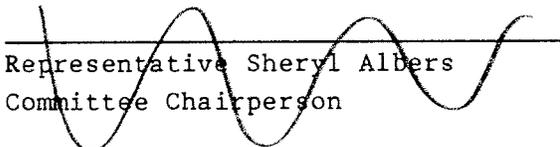
Ayes: (7) Representatives Albers,
Lasee, Underheim, Kreibich,
Lazich, Hoven, and Green

Noes: (6) Representatives Lorge,
Baldus, Notestein, Robson,
Cullen, and Ziegelbauer

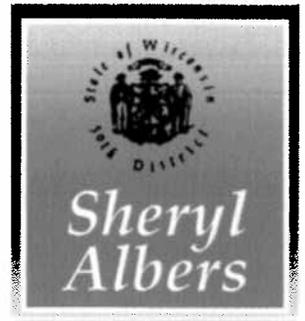
Absent: (0) None.

Motion carried: Passage recommended

PASSAGE: Ayes (7), Noes, (6), Absent (0)


Representative Sheryl Albers
Committee Chairperson





TO: Assembly Insurance Committee Members

FROM: Representative Sheryl Albers

RE: Amendment for today's hearing

DATE: January 17, 1996

Attached please find an amendment that will be introduced at today's hearing on AB 545 by Representative Underheim.

This one passed

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with soy base ink.



MEMORANDUM

January 17, 1996

TO: Representative Sheryl Albers

FROM: Yeang-Eng Braun *YEB*
Department of Revenue

SUBJECT: Assembly Substitute Amendment to Assembly Bill 545 - Medical Savings Accounts

The Department of Revenue has reviewed the Assembly Substitute Amendment to Assembly Bill 545, the medical savings account (MSA) bill. While we have not had time to estimate the fiscal effect of the substitute amendment, it will increase the revenue loss associated with the bill.

Our preliminary review of the substitute amendment indicates that it retains the concept of the original bill, in that both allow an employer to establish a medical savings account for an employee who chooses a high deductible health plan offered by the employer rather than a more standard comprehensive health plan. The high deductible plan would cost the employer less in terms of the premium charged to cover the employee. The differential between the two plans would be deposited into the MSA established for the employee. Amounts deposited into the employee's MSA and used for medical or long-term health care expenses would be exempt from state tax.

Like the original bill, the substitute amendment also allows self-employed persons to set up MSAs.

The most significant change in the substitute amendment in terms of fiscal effect is requiring high-deductible plans to have a deductible of at least \$1,500 for single plans or \$3,000 for family plans. The Department's fiscal estimate had assumed that these plans contained a \$1,000 deductible, with the premium costs based on this assumption.

The premium cost is used to calculate the differential between the high deductible health plan and the standard comprehensive health plan that can be deposited into the MSA. Increasing the deductible amount has the effect of lowering the premium cost of the high deductible plan and increasing the differential amount. Increasing the deductible amount to \$1,500 for individuals probably will not increase the differential that much, but moving to \$3,000 would likely increase the family plan differential. The state tax savings to the employee would

increase, and the revenue loss to the state would be greater.

It is not clear how much the revenue loss to the state would increase. However, it is expected that in the short term the loss would not be much different than the previously estimated \$264,000. This estimate is actually capturing the current MSA market; it is unlikely additional taxpayers would establish MSAs because of the increase in federal tax liability.

If a similar federal provision is adopted, the participation rate would likely increase. The fiscal note stated that as the participation rate increases, the revenue loss to the state could approach the revenue loss at a 100% level, or almost \$53 million. If the differential increases because of the higher deductible amounts, then the revenue loss to the state if the participation rate is at or near 100% would be greater.

With regard to the concerns raised in the Department's technical memorandum to the original bill, the substitute amendment addresses most of them. However, the new language raises some additional concerns, which we will convey to you after we have completed our review of it.

JM:jec

f:\memo\jm\albers.mem



1-9-95

- dif between cat + comp
cap of \$2000 + tax deduction

- continuation if change jobs

- oversight that actual use is medical

- insured bank - if not, need proof *

- MSA must complete term (1 year)

- definition of catastrophic

- monitor withdrawals

^{rules}
Do 2nd statement w/ tax ch

TO: SA

FROM: DD

RE: Schedule F HIRSP bill

Just for your information, Kelly Rosati called and said that if you introduce the Schuedule F bill, Assoc. of WI HMOs will oppose it because it will cost them and other insurers more because they subsidize the premium and deductible reduction program. They feel like they are paying enough for HIRSP already. Maybe things could change if Underheim's bill passes and lifts the burden off a little.

Set up meeting
w/ Kelly Kurban
MSAs -