# 1999 SENATE BILL 308

December 22, 1999 – Introduced by Senators PANZER, ROBSON, ROSENZWEIG, RISSER, DARLING, WIRCH, RUDE, ERPENBACH, GROBSCHMIDT, ROESSLER, PLACHE, HUELSMAN, BAUMGART, MOORE, CLAUSING and BURKE, cosponsored by Representatives BOCK, KLUSMAN, WASSERMAN, KAUFERT, KELSO, RILEY, HANDRICK, BERCEAU, SUDER, YOUNG, OTT, BLACK, MUSSER, GRONEMUS, HASENOHRL, WAUKAU, LA FAVE, MILLER, LEIBHAM, RICHARDS, J. LEHMAN, WILLIAMS, TURNER, RYBA, KESTELL and SCHNEIDER. Referred to Committee on Health, Utilities, Veterans and Military Affairs.

AN ACT ***to repeal*** 632.89 (1) (em), 632.89 (2) (a) 2., 632.89 (2) (b), 632.89 (2) (c) 2., 632.89 (2) (d) 2., 632.89 (2) (dm) 2. and 632.89 (3m); ***to renumber*** 632.89 (2m) and 632.89 (5); ***to renumber and amend*** 632.89 (2) (a) 1., 632.89 (2) (c) 1., 632.89 (2) (d) 1., 632.89 (2) (dm) 1. and 632.89 (2) (e); ***to amend*** 40.51 (8), 40.51 (8m), 46.10 (8) (d), 46.10 (14) (a), 60.23 (25), 66.184, 120.13 (2) (g), 185.981 (4t), 185.983 (1) (intro.), 301.12 (8) (d), 301.12 (14) (a), 632.89 (title), 632.89 (2) (title) and 632.89 (5) (title); and ***to create*** 111.91 (2) (r), 609.86, 632.89 (1) (b), 632.89 (1) (er), 632.89 (3) and 632.89 (5) (a) (title) of the statutes; **relating to:** health insurance coverage of nervous and mental disorders, alcoholism and other drug abuse problems.

---

***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 $7,000 minus a copayment of up to 10% or the expenses of 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 $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 $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.) If a group health insurance policy provides coverage for both inpatient and outpatient hospital services, the total coverage for all types of treatment for nervous and mental disorders and alcoholism and other drug abuse problems need not exceed $7,000 in a policy year.

This bill removes the specified minimum amounts of coverage that a group health insurance policy must provide for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems but retains the requirements with respect to providing the coverage. Except for group plans offered by limited service health organizations, the bill specifically applies the requirements to all types of group health benefit plans, including managed care plans, insurance plans offered by the state and self–insured health plans of the state and municipalities.

In addition, the bill imposes a new requirement that the coverage under group health benefit plans and self–insured health plans for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems must be the same as the coverage under those plans for the treatment of physical conditions. This requirement applies to such coverage components as deductibles, copayments, annual and lifetime limits and medical necessity definitions. The bill does not require individual health benefit plans to cover the treatment of nervous or mental disorders or alcoholism or other drug abuse problems but, if an individual health benefit plan does cover the treatment of any of those conditions, the individual health benefit plan must provide the same coverage for that treatment as it does for the treatment of physical conditions.

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

---

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

**SECTION 1.** 40.51 (8) of the statutes is amended to read:

40.51 **(8)** Every health care coverage plan offered by the state under sub. (6) shall comply with ss. 631.89, 631.90, 631.93 (2), 632.72 (2), 632.746 (1) to (8) and (10),

632.747, 632.748, 632.85, 632.853, 632.855, 632.87 (3) to (5), 632.89, 632.895 (5m) and (8) to (13) and 632.896.

**SECTION 2.** 40.51 (8m) of the statutes is amended to read:

40.51 **(8m)** Every health care coverage plan offered by the group insurance board under sub. (7) shall comply with ss. 632.746 (1) to (8) and (10), 632.747, 632.748, 632.85, 632.853, 632.855, 632.89 and 632.895 (11) to (13).

**SECTION 3.** 46.10 (8) (d) of the statutes is amended to read:

46.10 **(8)** (d) After due regard to the case and to a spouse and minor children who are lawfully dependent on the property for support, compromise or waive any portion of any claim of the state or county for which a person specified under sub. (2) is liable, but not any claim payable by an insurer under s. 632.89 (2) or ~~(2m)~~ (4m) or by any other 3rd party.

**SECTION 4.** 46.10 (14) (a) of the statutes is amended to read:

46.10 **(14)** (a) Except as provided in pars. (b) and (c), liability of a person specified in sub. (2) or s. 46.03 (18) for inpatient care and maintenance of persons under 18 years of age at community mental health centers, a county mental health complex under s. 51.08, the centers for the developmentally disabled, Mendota mental health institute and Winnebago mental health institute or care and maintenance of persons under 18 years of age in residential, nonmedical facilities such as group homes, foster homes, treatment foster homes, child caring institutions and juvenile correctional institutions is determined in accordance with the cost–based fee established under s. 46.03 (18). The department shall bill the liable person up to any amount of liability not paid by an insurer under s. 632.89 (2) or ~~(2m)~~ (4m) or by other 3rd party benefits, subject to rules which include formulas governing ability to pay promulgated by the department under s. 46.03 (18). Any liability of the

patient not payable by any other person terminates when the patient reaches age 18, unless the liable person has prevented payment by any act or omission.

**SECTION 5.** 60.23 (25) of the statutes is amended to read:

60.23 **(25)** SELF–INSURED HEALTH PLANS. Provide health care benefits to its officers and employes on a self–insured basis if the self–insured plan complies with ss. 631.89, 631.90, 631.93 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3), 632.85, 632.853, 632.855, 632.87 (4) and (5), 632.89, 632.895 (9) and (11) to (13) and 632.896.

**SECTION 6.** 66.184 of the statutes is amended to read:

**66.184 Self–insured health plans.** If a city, including a 1st class city, or a village provides health care benefits under its home rule power, or if a town provides health care benefits, to its officers and employes on a self–insured basis, the self–insured plan shall comply with ss. 49.493 (3) (d), 631.89, 631.90, 631.93 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3), 632.85, 632.853, 632.855, 632.87 (4) and (5), 632.89, 632.895 (9) to (13), 632.896, 767.25 (4m) (d), 767.51 (3m) (d) and 767.62 (4) (b) 4.

**SECTION 7.** 111.91 (2) (r) of the statutes is created to read:

111.91 **(2)** (r) The requirements under s. 632.89 related to coverage of treatment for nervous and mental disorders and alcoholism and other drug abuse problems.

**SECTION 8.** 120.13 (2) (g) of the statutes is amended to read:

120.13 **(2)** (g) Every self–insured plan under par. (b) shall comply with ss. 49.493 (3) (d), 631.89, 631.90, 631.93 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3), 632.85, 632.853, 632.855, 632.87 (4) and (5), 632.89, 632.895 (9) to (13), 632.896, 767.25 (4m) (d), 767.51 (3m) (d) and 767.62 (4) (b) 4.

**SECTION 9.** 185.981 (4t) of the statutes is amended to read:

185.981 **(4t)** A sickness care plan operated by a cooperative association is subject to ss. 252.14, 631.89, 632.72 (2), 632.745 to 632.749, 632.85, 632.853, 632.855, 632.87 (2m), (3), (4) and (5), 632.89, 632.895 (10) to (13) and 632.897 (10) and chs. 149 and 155.

**SECTION 10.** 185.983 (1) (intro.) of the statutes is amended to read:

185.983 **(1)** (intro.) Every such voluntary nonprofit sickness care plan shall be exempt from chs. 600 to 646, with the exception of ss. 601.04, 601.13, 601.31, 601.41, 601.42, 601.43, 601.44, 601.45, 611.67, 619.04, 628.34 (10), 631.89, 631.93, 632.72 (2), 632.745 to 632.749, 632.775, 632.79, 632.795, 632.85, 632.853, 632.855, 632.87 (2m), (3), (4) and (5), 632.89, 632.895 (5) and (9) to (13), 632.896 and 632.897 (10) and chs. 609, 630, 635, 645 and 646, but the sponsoring association shall:

**SECTION 11.** 301.12 (8) (d) of the statutes is amended to read:

301.12 **(8)** (d) After due regard to the case and to a spouse and minor children who are lawfully dependent on the property for support, compromise or waive any portion of any claim of the state or county for which a person specified under sub. (2) is liable, but not any claim payable by an insurer under s. 632.89 (2) or ~~(2m)~~ (4m) or by any other 3rd party.

**SECTION 12.** 301.12 (14) (a) of the statutes is amended to read:

301.12 **(14)** (a) Except as provided in pars. (b) and (c), liability of a person specified in sub. (2) or s. 301.03 (18) for care and maintenance of persons under 17 years of age in residential, nonmedical facilities such as group homes, foster homes, treatment foster homes, child caring institutions and juvenile correctional institutions is determined in accordance with the cost–based fee established under s. 301.03 (18). The department shall bill the liable person up to any amount of liability not paid by an insurer under s. 632.89 (2) or ~~(2m)~~ (4m) or by other 3rd–party

benefits, subject to rules which include formulas governing ability to pay promulgated by the department under s. 301.03 (18). Any liability of the resident not payable by any other person terminates when the resident reaches age 17, unless the liable person has prevented payment by any act or omission.

**SECTION 13.** 609.86 of the statutes is created to read:

**609.86 Coverage of alcoholism and other diseases.** Managed care plans are subject to s. 632.89.

**SECTION 14.** 632.89 (title) of the statutes is amended to read:

**632.89** (title) ~~**Required coverage of**~~ **Coverage of mental disorders, alcoholism and other diseases.**

**SECTION 15.** 632.89 (1) (b) of the statutes is created to read:

632.89 **(1)** (b) "Health benefit plan" has the meaning given in s. 632.745 (11).

**SECTION 16.** 632.89 (1) (em) of the statutes is repealed.

**SECTION 17.** 632.89 (1) (er) of the statutes is created to read:

632.89 **(1)** (er) "Self–insured health plan" has the meaning given in s. 632.745 (24).

**SECTION 18.** 632.89 (2) (title) of the statutes is amended to read:

632.89 **(2)** (title) REQUIRED COVERAGE FOR GROUP PLANS.

**SECTION 19.** 632.89 (2) (a) 1. of the statutes is renumbered 632.89 (2) (a) and amended to read:

632.89 **(2)** (a) A group ~~or blanket disability insurance policy issued by an insurer~~ health benefit plan and a self–insured health plan shall provide coverage of nervous and mental disorders and alcoholism and other drug abuse problems if required by pars. (c) to (dm) and as provided in pars. ~~(b)~~ (c) to ~~(e)~~ (dm) and sub. (3).

**SECTION 20.** 632.89 (2) (a) 2. of the statutes is repealed.

**SECTION 21.** 632.89 (2) (b) of the statutes is repealed.

**SECTION 22.** 632.89 (2) (c) 1. of the statutes is renumbered 632.89 (2) (c) and amended to read:

632.89 **(2)** (c) ~~*Minimum coverage*~~ *Coverage of inpatient hospital services.* If a group ~~or blanket disability insurance policy issued by an insurer~~ health benefit plan or a self–insured health plan provides coverage of any inpatient hospital treatment, the ~~policy~~ plan shall provide coverage for inpatient hospital services for the treatment of conditions under par. (a) ~~1. as provided in subd. 2~~.

**SECTION 23.** 632.89 (2) (c) 2. of the statutes is repealed.

**SECTION 24.** 632.89 (2) (d) 1. of the statutes is renumbered 632.89 (2) (d) and amended to read:

632.89 **(2)** (d) ~~*Minimum coverage*~~ *Coverage of outpatient services.* If a group ~~or blanket disability insurance policy issued by an insurer~~ health benefit plan or a self–insured health plan provides coverage of any outpatient treatment, the ~~policy~~ plan shall provide coverage for outpatient services for the treatment of conditions under par. (a) ~~1. as provided in subd. 2~~.

**SECTION 25.** 632.89 (2) (d) 2. of the statutes is repealed.

**SECTION 26.** 632.89 (2) (dm) 1. of the statutes is renumbered 632.89 (2) (dm) and amended to read:

632.89 **(2)** (dm) ~~*Minimum coverage*~~ *Coverage of transitional treatment arrangements.* If a group ~~or blanket disability insurance policy issued by an insurer~~ health benefit plan or a self–insured health plan provides coverage of any inpatient hospital treatment or any outpatient treatment, the ~~policy~~ plan shall provide coverage for transitional treatment arrangements for the treatment of conditions under par. (a) ~~1. as provided in subd. 2~~.

**SECTION 27.** 632.89 (2) (dm) 2. of the statutes is repealed.

**SECTION 28.** 632.89 (2) (e) of the statutes is renumbered 632.89 (5) (b) and amended to read:

632.89 **(5)** (b) ~~*Exclusion*~~ *Certain health care plans*. This ~~subsection~~ section does not apply to a health care plan offered by a limited service health organization, as defined in s. 609.01 (3), or by a preferred provider plan, as defined in s. 609.01 (4), that is not a managed care plan, as defined in s. 609.01 (3c).

**SECTION 29.** 632.89 (2m) of the statutes is renumbered 632.89 (4m).

**SECTION 30.** 632.89 (3) of the statutes is created to read:

632.89 **(3)** EQUAL COVERAGE REQUIREMENT. (a) *Group plans.* A group health benefit plan or a self–insured health plan that provides coverage for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems shall provide the same coverage for that treatment that it provides for the treatment of physical conditions.

(b) *Individual plans.* If an individual health benefit plan provides coverage for the treatment of nervous or mental disorders or alcoholism or other drug abuse problems, the individual health benefit plan shall provide the same coverage for that treatment that it provides for the treatment of physical conditions.

(c) *All coverage components.* The requirements under this subsection apply to all coverage–related components, including rates; exclusions and limitations; deductibles; copayments; coinsurance; annual and lifetime payment limits; out–of–pocket limits; out–of–network charges; day, visit or appointment limits; duration or frequency of coverage; and medical necessity definitions.

**SECTION 31.** 632.89 (3m) of the statutes is repealed.

**SECTION 32.** 632.89 (5) (title) of the statutes is amended to read:

632.89 **(5)** (title) ~~MEDICARE EXCLUSION~~ EXCLUSIONS.

**SECTION 33.** 632.89 (5) of the statutes is renumbered 632.89 (5) (a).

**SECTION 34.** 632.89 (5) (a) (title) of the statutes is created to read:

632.89 **(5)** (a) (title) *Medicare.*

**SECTION 35. Initial applicability.**

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

(a) Except as provided in paragraphs (b) and (c), health benefit plans that are issued or renewed, and self–insured health plans that are established, extended, modified or renewed, on the effective date of this paragraph.

(b) Health benefit plans covering employes who are affected by a collective bargaining agreement containing provisions inconsistent with this act that are issued or renewed on the earlier of the following:

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

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

(c) Self–insured health plans covering employes who are affected by a collective bargaining agreement containing provisions inconsistent with this act that are established, extended, modified or renewed on the earlier of the following:

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

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

**SECTION 36. Effective date.**

(1) This act takes effect on the first day of the 6th month beginning after publication.

**(END)**