

**1999 DRAFTING REQUEST**

**Senate Substitute Amendment (SSA-SB308)**

Received: **03/10/2000**

Received By: **kahlepj**

Wanted: **Soon**

Identical to LRB:

For: **Mary Panzer (608) 266-7513**

By/Representing: **Tad**

This file may be shown to any legislator: **NO**

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

Subject: **Insurance - health  
Employ Pub - employe benefits**

Extra Copies:

**Pre Topic:**

No specific pre topic given

**Topic:**

Require OCI to contract for actuarial study to determine cost of new requirements and apply new requirements to state plans only

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kahlepj 03/10/2000	wjackson 03/13/2000		_____			
/1			hhagen 03/13/2000	_____	lrb_docadmin 03/13/2000	lrb_docadmin 03/13/2000	
/2	kahlepj 03/23/2000	wjackson 03/23/2000	martykr 03/24/2000	_____	lrb_docadmin 03/24/2000	lrb_docadmin 03/24/2000	

FE Sent For:

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/1		12 WJ 3/23	hhagen 03/13/2000	_____	lrb_docadmin 03/13/2000	lrb_docadmin 03/13/2000	

*hm 3/24*      *SEH 3/24*

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/?	kahlepj	1 WLj 3/13	kh 3/13	kh 3/13			

FE Sent For:

<END>

to Panzer's office

and (will be a sub) to SB 308

make provisions apply to state plans only

no delayed eff. date (beyond the 6mo.)

contract ← require study (actuarial) of cost  
w/ outside party increase to state plans and  
other ins. (if ~~it~~ req. applied  
to other ins.)

provide \$50,000 GPR for contract  
release w/ Jt fin. approval -  
passive review -  
\$ lapse to gen fund if not  
needed



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBs0396/2  
PJK.....  
Wlj

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~  
**SENATE SUBSTITUTE AMENDMENT ,**  
**TO 1999 SENATE BILL 308**

Mon  
D-note

you cut

1 **AN ACT**; relating to: state employe health insurance coverage of nervous and  
2 mental disorders, alcoholism and other drug abuse problems, an actuarial  
3 study or evaluation and making an appropriation.

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

4 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert  
5 the following amounts for the purposes indicated:

6 1999-00      2000-01

7 **20.145 Insurance, office of the commissioner of**

8 (1) SUPERVISION OF THE INSURANCE INDUSTRY

9 (c) Actuarial study contract      GPR      A      -0-      50,000

10 **SECTION 2.** 20.145 (1) (c) of the statutes is created to read:

auto ref A (see p. 3)

1 20.145 (1) (c) *Actuarial study contract*. The amounts in the schedule for the  
2 costs of the contract under 1999 Wisconsin Act .... (this act), section ~~3.42~~ (1) (a).

3 SECTION 3. 20.145 (1) (c) of the statutes, as created by 1999 Wisconsin Act ....  
4 (this act), is repealed.

5 SECTION 4. 40.53 of the statutes is created to read:

6 **40.53 Coverage of mental disorders, alcoholism and other diseases. (1)**

7 DEFINITIONS. In this section:

8 (a) "Collateral" means a member of an ~~insured's~~ <sup>insured's</sup> immediate family, as  
9 defined in s. 632.895 (1) <sup>(d)</sup>.

10 (b) "Hospital" means any of the following:

- 11 1. A hospital licensed under s. 50.35.
- 12 2. An approved private treatment facility as defined in s. 51.45 (2) (b).
- 13 3. An approved public treatment facility as defined in s. 51.45 (2) (c).

14 (c) "Inpatient hospital services" means services for the treatment of nervous  
15 and mental disorders or alcoholism and other drug abuse problems that are provided  
16 in a hospital to a bed patient in the hospital.

17 (d) "Outpatient services" means nonresidential services for the treatment of  
18 nervous or mental disorders or alcoholism or other drug abuse problems provided to  
19 an insured and, if for the purpose of enhancing the treatment of the insured, a  
20 collateral by any of the following:

- 21 1. A program in an outpatient treatment facility, if both are approved by the  
22 department of health and family services, the program is established and  
23 maintained according to rules promulgated under s. 51.42 (7) (b) and the facility is  
24 certified under s. 51.04.

1 2. A licensed physician who has completed a residency in psychiatry, in an  
2 outpatient treatment facility or the physician's office.

3 3. A licensed psychologist who is listed in the national register of health service  
4 providers in psychology or who is certified by the American board of professional  
5 psychology.

6 (e) "Transitional treatment arrangements" means services for the treatment  
7 of nervous or mental disorders or alcoholism or other drug abuse problems that are  
8 provided to an insured in a less restrictive manner than are inpatient hospital  
9 services but in a more intensive manner than are outpatient services, and that are  
10 specified by the secretary by rule under sub. (4).

Insert 3-10

11 **SECTION 5. Nonstatutory provisions.**

12 (1) ACTUARIAL STUDY ON COST.

13 (a) *Study requirements.* The office of the commissioner of insurance shall enter  
14 into a contract for an actuarial study or evaluation to determine whether, and to what  
15 extent, the requirements under section ~~40.50~~ <sup>40.53</sup> of the statutes, as ~~amended~~ <sup>created</sup> by this act,  
16 are likely to increase the cost of health insurance coverage. The study or evaluation

17 shall make this determination separately for health insurance coverage that is  
18 purchased directly in the private market by individuals and families, health  
19 insurance coverage that is provided by private employers to their employes and

20 health insurance coverage that is offered by the state under s. 40.51 (6) and ~~through~~

21 ~~through~~ <sup>by</sup> the group insurance board under s. 40.51 (7). The office of the  
22 commissioner of insurance shall report the results of the study or evaluation to the  
23 appropriate standing committees of the legislature in the manner provided under  
24 section 13.172 (3) of the statutes no later than January 1, 2001.

the

Insert 3-21 v

1           (b) *Funding study.* The office of the commissioner of insurance may not  
2 encumber or expend moncys from the appropriation under section 20.145 (1) (c) of  
3 the statutes, as created by this act, unless the office of the commissioner of insurance  
4 first notifies the joint committee on finance in writing of the proposed encumbrance  
5 or expenditure. If the cochairpersons of the joint committee on finance do not notify  
6 the office of the commissioner of insurance within 14 working days after the date of  
7 the office's notification that the committee has scheduled a meeting to review the  
8 proposed encumbrance or expenditure, the moneys may be encumbered or expended  
9 as proposed by the office. If, within 14 working days after the date of the office's  
10 notification, the cochairpersons of the committee notify the office that the committee  
11 has scheduled a meeting to review the proposed encumbrance or expenditure, the  
12 moneys may be encumbered or expended only upon approval of the committee.

13           **SECTION 6. Initial applicability.**

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

15           (a) Except as provided in paragraph (b),<sup>✓</sup> health care coverage plans that are  
16 issued or renewed on the effective date of this paragraph<sup>✓</sup>.

17           (b) Health care coverage plans covering employees who are affected by a  
18 collective bargaining agreement containing provisions inconsistent with this act  
19 that are issued or renewed on the earlier of the following:

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

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

23           **SECTION 7. Effective dates.** This act takes effect on the first day of the 6th  
24 month beginning after publication, except as follows:



*auto ref A*  
↓

1 (1) ACTUARIAL STUDY ON COST. SECTION ~~7~~(1) of this act takes effect on the day  
2 after publication.

3 (2) FUNDING FOR STUDY. The repeal of section 20.145 (1) (c) of the statutes takes  
4 effect on July 1, 2001.

5 (END)

*D-note*

Notwithstanding A. 632.89, a

1 provided to an insured in a less restrictive manner than are inpatient hospital  
2 services but in a more intensive manner than are outpatient services, and that are  
3 specified by the commissioner by rule under sub. (4).

4 (2) REQUIRED COVERAGE ~~for group health~~ (a) Conditions covered. ~~group~~  
care coverage

5 health ~~group health~~ ~~self-insured~~ plan shall provide coverage of nervous and  
6 mental disorders and alcoholism and other drug abuse problems if required by pars.

7 (b) to (d) and as provided in pars. ~~(e)~~ <sup>b</sup> ~~(d)~~ <sup>to</sup> (d) and sub. (3).

8 (b) Coverage of inpatient hospital services. If a ~~group~~ health ~~group~~ <sup>care</sup>  
9 ~~self-insured~~ <sup>coverage</sup> plan provides coverage of any inpatient hospital treatment, the plan  
10 shall provide coverage for inpatient hospital services for the treatment of conditions  
11 under par. (a). ✓

12 (c) Coverage of outpatient services. If a ~~group~~ health ~~group~~ <sup>care</sup>  
13 ~~self-insured~~ <sup>coverage</sup> plan provides coverage of any outpatient treatment, the plan shall  
14 provide coverage for outpatient services for the treatment of conditions under par.

15 (a). ✓

16 (d) Coverage of transitional treatment arrangements. If a ~~group~~ health ~~group~~ <sup>care</sup>  
17 ~~self-insured~~ <sup>coverage</sup> plan provides coverage of any inpatient hospital treatment or  
18 any outpatient treatment, the plan shall provide coverage for transitional treatment  
19 arrangements for the treatment of conditions under par. (a). ✓

20 (3) EQUAL COVERAGE REQUIREMENT. ~~group health~~ <sup>care coverage</sup> A ~~group~~ health ~~group~~

21 ~~self-insured~~ <sup>care coverage</sup> plan that provides coverage for the treatment of  
22 nervous and mental disorders and alcoholism and other drug abuse problems shall  
23 provide the same coverage for that treatment that it provides for the treatment of  
24 physical conditions. (This requirement applies to

(over) continued number 40.51 (7)

*Insert 3-10 cont'd 278*

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

5 (c) *All coverage components.* The requirements under this subsection apply to

6 → all coverage-related components, including rates, exclusions and limitations;  
7 deductibles; copayments; coinsurance; annual and lifetime payment limits;  
8 out-of-pocket limits; out-of-network charges; day, visit or appointment limits;  
9 duration or frequency of coverage; and medical necessity definitions.

10 (4) <sup>2 (c) SPECIFICATION OF</sup> ~~SPECIFY~~ TRANSITIONAL TREATMENT ARRANGEMENTS BY RULE. The ~~insurer~~  
11 shall specify by rule the services for the treatment of nervous or mental disorders or  
12 alcoholism or other drug abuse problems, including but not limited to day  
13 hospitalization, that are covered under sub. (2) (d).

*health care coverage plan*

14 (5) LIABILITY TO THE STATE OR COUNTY. ~~The any insurer providing hospital treatment coverage~~  
15 ~~is liable to the state or county for any costs incurred for services an inpatient health care facility,~~  
16 providing hospital treatment coverage is liable to the  
17 state or county for any costs incurred for services an inpatient health care facility,  
18 as defined in s. 50.135 (1), or community-based residential facility, as defined in s.  
19 50.01 (1g), owned or operated by a state or county, provides to a patient regardless  
20 of the patient's liability for the services, to the extent that the insurer is liable to the  
21 patient for services provided at any other inpatient health care facility or  
community-based residential facility.

22 (6) EXCLUSIONS. (a) *Medicare.* No insurer or other organization subject to this  
23 section is required to duplicate coverage available under the federal medicare  
24 program.

*health care coverage plan,*

*Secretary's name*

*of name*

3088

Insert 3-10 cont'd

coverage  
↑

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

5 (7) **WAIVER FROM REQUIREMENTS.** (a) *Basis for seeking waiver.* If an insurer or  
 6 other person issuing a health benefit plan or providing coverage under a self-insured  
 7 health plan determines that the premiums under the health benefit plan or the cost  
 8 to provide the coverage under the self-insured health plan will increase by more than  
 9 2% because of the requirements under this section, the insurer or other person may  
 10 apply to the commissioner of insurance for a waiver from the requirements under  
 11 this section. If the commissioner grants a waiver to the insurer or other person, the  
 12 insurer or other person shall comply with the requirements under s. 632.89, instead  
 13 of the requirements under this section, with respect to the health benefit plan or  
 14 self-insured plan.

\*\*\*\*NOTE: It is unclear to me whether you want the insurer to comply with s. 632.89 with respect to all policies issued by the insurer if the insurer obtains a waiver, or if the insurer must comply with s. 632.892 with respect to all new policies issued and must comply with s. 632.89 only with respect to policies already in effect and for which premiums would rise.

\*\*\*\*NOTE: Do you want to prohibit the insurer from raising rates before requesting a waiver?

15 (b) *Rules for procedure.* The commissioner shall promulgate rules to  
 16 implement par. (a), including rules that specify the procedure for seeking a waiver  
 17 under par. (a), the procedure that the commissioner will follow for determining  
 18 whether to grant a waiver and the basis on which the commissioner shall determine  
 19 whether to grant a waiver.

20 **SECTION 20. Initial applicability.**

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

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

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

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

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

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

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

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

16 **SECTION 21. Effective date.**

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

19 (END)

1 632.747, 632.748, 632.85, 632.853, 632.855, 632.87 (3) to (5), ~~632.892~~, 632.895 (5m)  
2 and (8) to (13) and 632.896.

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

4 40.51 (8m) Every health care coverage plan offered by the group insurance  
5 board under sub. (7) shall comply with ss. 632.746 (1) to (8) and (10), 632.747,  
6 632.748, 632.85, 632.853, 632.855, 632.892 and 632.895 (11) to (13).

7 SECTION 4. 46.10 (8) (d) of the statutes is amended to read:

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

12 ~~or~~ or by any other 3rd party.

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

14 46.10 (14) (a) Except as provided in pars. (b) and (c), liability of a person  
15 specified in sub. (2) or s. 46.03 (18) for inpatient care and maintenance of persons  
16 under 18 years of age at community mental health centers, a county mental health  
17 complex under s. 51.08, the centers for the developmentally disabled, Mendota  
Mental Health Institute  
18 ~~mental health institute~~ and ~~Winnebago mental health institute~~ or care and  
19 maintenance of persons under 18 years of age in residential, nonmedical facilities  
20 such as group homes, foster homes, treatment foster homes, child caring institutions  
21 and juvenile correctional institutions is determined in accordance with the  
22 cost-based fee established under s. 46.03 (18). The department shall bill the liable  
23 person up to any amount of liability not paid by an insurer under s. ~~632.89~~ (2) or (2m)

24 ~~or~~ or by other 3rd party benefits, subject to rules which include  
25 formulas governing ability to pay promulgated by the department under s. 46.03

40.55(2)(c)-(5)OC



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBs0395/P1  
PJK:cjs:jf

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION  
SENATE SUBSTITUTE AMENDMENT,  
TO 1999 SENATE BILL 308

1 AN ACT *to amend* 40.51 (8), 40.51 (8m), 46.10 (8) (d), 46.10 (14) (a), 51.01 (3n),  
2 51.038, 51.04, 60.23 (25), 66.184, 120.13 (2) (g), 185.981 (4t), 185.983 (1) (intro.),  
3 301.12 (8) (d), 301.12 (14) (a) and 632.89 (title); and *to create* 111.91 (2) (s),  
4 609.86, 632.89 (1m) and 632.892 of the statutes, **relating to:** health insurance  
5 coverage of nervous and mental disorders, alcoholism and other drug abuse  
6 problems, seeking a waiver related to the coverage and requiring the exercise  
7 of rule-making authority.

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

8 SECTION 1. 40.51 (8) of the statutes is amended to read:  
9 40.51 (8) Every health care coverage plan offered by the state under sub. (6)  
10 shall comply with ss. 631.89, 631.90, 631.93 (2), 632.72 (2), 632.746 (1) to (8) and (10),

*Insert 3-10 contd*

*508*

1 (18). Any liability of the patient not payable by any other person terminates when  
2 the patient reaches age 18, unless the liable person has prevented payment by any  
3 act or omission.

4 SECTION ~~5~~<sup>\*</sup> 51.01 (3n) of the statutes is amended to read:

5 51.01 (3n) "Community mental health program" means a program to provide  
6 community-based outpatient mental health services that is operated by or under  
7 contract with a county department of community programs or that requests payment  
8 for the services under the medical assistance program or under benefits required

9 under s. ~~632.89 (2)~~ *40.53 (2) or*

10 SECTION ~~6~~<sup>\*</sup> 51.038 of the statutes is amended to read:

11 **51.038 Outpatient mental health clinic certification.** Except as provided  
12 in s. 51.032, if a facility that provides mental health services on an outpatient basis  
13 holds current accreditation from the council on accreditation of services for families  
14 and children, the department may accept evidence of this accreditation as equivalent  
15 to the standards established by the department, for the purpose of certifying the  
16 facility for the receipt of funds for services provided as a benefit to a medical  
17 assistance recipient under s. 49.46 (2) (b) 6. f., a community aids funding recipient

18 under s. 51.423 (2) or as mandated coverage under s. ~~632.89~~ *632.89*

19 SECTION ~~7~~<sup>\*</sup> 51.04 of the statutes is amended to read:

20 **51.04 Treatment facility certification.** Except as provided in s. 51.032, any  
21 treatment facility may apply to the department for certification of the facility for the  
22 receipt of funds for services provided as a benefit to a medical assistance recipient  
23 under s. 49.46 (2) (b) 6. f. or to a community aids funding recipient under s. 51.423

24 (2) or provided as mandated coverage under s. ~~632.89~~ *632.89* The department  
25 shall annually charge a fee for each certification.

*(Over)*



*insert 3-10 contd*

*6808*

1 SECTION 8. 60.23 (25) of the statutes is amended to read:

2 60.23 (25) SELF-INSURED HEALTH PLANS. Provide health care benefits to its  
3 officers and employes on a self-insured basis if the self-insured plan complies with  
4 ss. 631.89, 631.90, 631.93 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3), ~~632.85,~~  
5 632.853, 632.855, 632.87 (4) and (5), 632.892, 632.895 (9) and (11) to (13) and  
6 632.896.

7 SECTION 9. 66.184 of the statutes, as affected by 1999 Wisconsin Act 9, is  
8 amended to read:

9 **66.184 Self-insured health plans.** If a city, including a 1st class city, or a  
10 village provides health care benefits under its home rule power, or if a town provides  
11 health care benefits, to its officers and employes on a self-insured basis, the  
12 self-insured plan shall comply with ss. 49.493 (3) (d), 631.89, 631.90, 631.93 (2),  
13 ~~632.746 (10) (a) 2. and (b) 2., 632.747 (3), 632.85, 632.853, 632.855, 632.87 (4) and (5),~~  
14 632.892, 632.895 (9) to (13), 632.896 and 767.25 (4m) (d).

15 SECTION ~~10~~<sup>10</sup>. 111.91 (2) (s)<sup>v</sup> of the statutes is created to read:

*40.53*

16 111.91 (2) (s) The requirements under s. ~~601.902~~ related to coverage of  
17 treatment for nervous and mental disorders and alcoholism and other drug abuse  
18 problems.

19 SECTION 11. 120.13 (2) (g) of the statutes, as affected by 1999 Wisconsin Act 9,  
20 is amended to read:

21 120.13 (2) (g) Every self-insured plan under par. (b) shall comply with ss.  
22 49.493 (3) (d), 631.89, 631.90, 631.93 (2), ~~632.746 (10) (a) 2. and (b) 2., 632.747 (3),~~  
23 632.85, 632.853, 632.855, 632.87 (4) and (5), 632.892, 632.895 (9) to (13), 632.896 and  
24 767.25 (4m) (d).

25 SECTION 12. 185.981 (4t) of the statutes is amended to read:

708

*insert 3-10 covered*

1 185.981 (4t) A sickness care plan operated by a cooperative association is  
 2 subject to ss. 252.14, 631.89, 632.72 (2), 632.745 to 632.749, 632.85, 632.853, 632.855,  
 3 632.87 (2m), (3), (4) and (5), ~~632.892~~, 632.895 (10) to (13) and 632.897 (10) and chs.  
 4 ~~149 and 155.~~

5 SECTION 13. 185.983 (1) (intro.) of the statutes is amended to read:

6 185.983 (1) (intro.) Every such ~~voluntary~~ nonprofit sickness care plan shall be  
 7 exempt from chs. 600 to 646, with the exception of ss. 601.04, 601.13, 601.31, 601.41,  
 8 601.42, 601.43, 601.44, 601.45, 611.67, 619.04, 628.34 (10), ~~631.89, 631.93, 632.72~~  
 9 ~~(2), 632.745 to 632.749, 632.775, 632.79, 632.795, 632.85, 632.853, 632.855, 632.87~~  
 10 ~~(2m), (3), (4) and (5), 632.892, 632.895 (5) and (9) to (13), 632.896 and 632.897 (10)~~  
 11 and chs. 609, 630, 635, 645 and 646, but the sponsoring association shall:

12 SECTION ~~13~~. 301.12 (8) (d) of the statutes is amended to read:

13 301.12 (8) (d) After due regard to the case and to a spouse and minor children  
 14 who are lawfully dependent on the property for support, compromise or waive any  
 15 portion of any claim of the state or county for which a person specified under sub. (2)  
 16 is liable, but not any claim payable by an insurer under s. ~~632.89 (2) or (2m)~~

17 ~~632.89 (2) or (2m)~~ or by any other 3rd party.

18 SECTION ~~13~~. 301.12 (14) (a) of the statutes is amended to read:

19 301.12 (14) (a) Except as provided in pars. (b) and (c), liability of a person  
 20 specified in sub. (2) or s. 301.03 (18) for care and maintenance of persons under 17  
 21 years of age in residential, nonmedical facilities such as group homes, foster homes,  
 22 treatment foster homes, child caring institutions and juvenile correctional  
 23 institutions is determined in accordance with the cost-based fee established under  
 24 s. 301.03 (18). The department shall bill the liable person up to any amount of  
 25 liability not paid by an insurer under s. ~~632.89 (2) or (2m)~~ ~~632.89 (2) or (2m)~~ or by

(Over)

TURN IN

808

Ins. 3-10 cont'd

1 other 3rd-party benefits, subject to rules which include formulas governing ability  
2 to pay promulgated by the department under s. 301.03 (18). Any liability of the  
3 resident not payable by any other person terminates when the resident reaches age  
4 17, unless the liable person has prevented payment by any act or omission.

5 SECTION 16. 609.86 of the statutes is created to read:

6 **609.86 Coverage of alcoholism and other diseases.** Managed care plans  
7 are subject to s. 632.892.

8 SECTION 17. 632.89 (title) of the statutes is amended to read:

9 ~~632.89 (title) **Required coverage of Coverage of mental disorders,**~~  
10 ~~**alcoholism and other diseases if waiver granted.**~~

11 SECTION 18. ~~632.89 (1m) of the statutes is created to read:~~

12 ~~632.89 (1m) REQUIREMENTS APPLICABLE IF WAIVER GRANTED. This section applies~~  
13 ~~only to an insurer or other person to which the commissioner has granted a waiver~~  
14 ~~under s. 632.892 (7).~~

15 SECTION 19. 632.892 of the statutes is created to read:

16 **632.892 Coverage of mental disorders, alcoholism and other diseases.**

17 (1) DEFINITIONS. In this section:

18 (a) "Collateral" has the meaning given in s. 632.89 (1) (a).

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

20 (c) "Hospital" has the meaning given in s. 632.89 (1) (c).

21 (d) "Inpatient hospital services" has the meaning given in s. 632.89 (1) (d).

22 (e) "Outpatient services" has the meaning given in s. 632.89 (1) (e).

23 (f) "Self-insured plan" has the meaning given in s. 632.745 (24).

24 (g) "Transitional treatment arrangements" means services for the treatment  
25 of nervous or mental disorders or alcoholism or other drug abuse problems that are

(end of ins. 3-10)

**1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBs0396/ins  
PJK.....

**INSERT 3-21**

1 and separately for health insurance coverage purchased directly in the private  
2 market by individuals and families and by private employers for their employes, as  
3 if the requirements under section 40.53 of the statutes, as created by this act, applied  
4 to such health insurance coverage

**(END OF INSERT 3-21)**

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBs0396/dn

PJK.../.....

Wlj

Under this amendment, the new requirements apply only to state plans. The amendment also requires OCI to contract for an actuarial study on the cost increase, if any, of the new requirements for state plans, as well as for health insurance in general.

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: Pam.Kahler@legis.state.wi.us

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBs0396/1dn  
PJK:wlj:hmh

March 13, 2000

Under this amendment, the new requirements apply only to state plans. The amendment also requires OCI to contract for an actuarial study on the cost increase, if any, of the new requirements for state plans, as well as for health insurance in general.

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: Pam.Kahler@legis.state.wi.us



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBs0396/2  
PJK:wlj:hnh

nm is run

SENATE SUBSTITUTE AMENDMENT,  
TO 1999 SENATE BILL 308

SOON  
(3-23)  
(pp 1 & 8)  
Also page 6

Regen

1 AN ACT *to repeal* 20.145 (1) (c); *to amend* 46.10 (8) (d), 46.10 (14) (a), 51.01 (3n),  
2 51.038, 51.04, 301.12 (8) (d) and 301.12 (14) (a); and *to create* 20.145 (1) (c),  
3 40.53 and 111.91 (2) (s) of the statutes; **relating to:** state employe health  
4 insurance coverage of nervous and mental disorders, alcoholism and other drug  
5 abuse problems, an actuarial study or evaluation and making an appropriation.

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

6 SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert  
7 the following amounts for the purposes indicated:

8 1999-00 2000-01

9 20.145 Insurance, office of the commissioner of

10 (1) SUPERVISION OF THE INSURANCE INDUSTRY

11 (c) Actuarial study contract GPR A -0-

-0-

~~50,000~~

90,000

1           **SECTION 2.** 20.145 (1) (c) of the statutes is created to read:

2           20.145 (1) (c) *Actuarial study contract.* The amounts in the schedule for the  
3 costs of the contract under 1999 Wisconsin Act .... (this act), section 13 (1) (a).

4           **SECTION 3.** 20.145 (1) (c) of the statutes, as created by 1999 Wisconsin Act ....  
5 (this act), is repealed.

6           **SECTION 4.** 40.53 of the statutes is created to read:

7           **40.53 Coverage of mental disorders, alcoholism and other diseases. (1)**

8           **DEFINITIONS.** In this section:

9           (a) "Collateral" means a member of an insured's immediate family, as defined  
10 in s. 632.895 (1) (d).

11           (b) "Hospital" means any of the following:

12           1. A hospital licensed under s. 50.35.

13           2. An approved private treatment facility as defined in s. 51.45 (2) (b).

14           3. An approved public treatment facility as defined in s. 51.45 (2) (c).

15           (c) "Inpatient hospital services" means services for the treatment of nervous  
16 and mental disorders or alcoholism and other drug abuse problems that are provided  
17 in a hospital to a bed patient in the hospital.

18           (d) "Outpatient services" means nonresidential services for the treatment of  
19 nervous or mental disorders or alcoholism or other drug abuse problems provided to  
20 an insured and, if for the purpose of enhancing the treatment of the insured, a  
21 collateral by any of the following:

22           1. A program in an outpatient treatment facility, if both are approved by the  
23 department of health and family services, the program is established and  
24 maintained according to rules promulgated under s. 51.42 (7) (b) and the facility is  
25 certified under s. 51.04.



1           2. A licensed physician who has completed a residency in psychiatry, in an  
2 outpatient treatment facility or the physician's office.

3           3. A licensed psychologist who is listed in the national register of health service  
4 providers in psychology or who is certified by the American board of professional  
5 psychology.

6           (e) "Transitional treatment arrangements" means services for the treatment  
7 of nervous or mental disorders or alcoholism or other drug abuse problems that are  
8 provided to an insured in a less restrictive manner than are inpatient hospital  
9 services but in a more intensive manner than are outpatient services, and that are  
10 specified by the secretary by rule under sub. (4).

11           (2) REQUIRED COVERAGE. (a) *Conditions covered.* Notwithstanding s. 632.89,  
12 a health care coverage plan offered by the state under s. 40.51 (6) or by the group  
13 insurance board under s. 40.51 (7) shall provide coverage of nervous and mental  
14 disorders and alcoholism and other drug abuse problems if required by pars. (b) to  
15 (d) and as provided in pars. (b) to (d) and sub. (3).

16           (b) *Coverage of inpatient hospital services.* If a health care coverage plan  
17 provides coverage of any inpatient hospital treatment, the plan shall provide  
18 coverage for inpatient hospital services for the treatment of conditions under par. (a).

19           (c) *Coverage of outpatient services.* If a health care coverage plan provides  
20 coverage of any outpatient treatment, the plan shall provide coverage for outpatient  
21 services for the treatment of conditions under par. (a).

22           (d) *Coverage of transitional treatment arrangements.* If a health care coverage  
23 plan provides coverage of any inpatient hospital treatment or any outpatient  
24 treatment, the plan shall provide coverage for transitional treatment arrangements  
25 for the treatment of conditions under par. (a).

1           **(3) EQUAL COVERAGE REQUIREMENT.** A health care coverage plan that provides  
2 coverage for the treatment of nervous and mental disorders and alcoholism and other  
3 drug abuse problems shall provide the same coverage for that treatment that it  
4 provides for the treatment of physical conditions. This requirement applies to all  
5 coverage-related components, including rates; exclusions and limitations;  
6 deductibles; copayments; coinsurance; annual and lifetime payment limits;  
7 out-of-pocket limits; out-of-network charges; day, visit or appointment limits;  
8 duration or frequency of coverage; and medical necessity definitions.

9           **(4) SPECIFICATION OF TRANSITIONAL TREATMENT ARRANGEMENTS BY RULE.** The  
10 secretary, with the approval of the group insurance board, shall specify by rule the  
11 services for the treatment of nervous or mental disorders or alcoholism or other drug  
12 abuse problems, including but not limited to day hospitalization, that are covered  
13 under sub. (2) (d).

14           **(5) LIABILITY TO THE STATE OR COUNTY.** Any health care coverage plan providing  
15 hospital treatment coverage is liable to the state or county for any costs incurred for  
16 services an inpatient health care facility, as defined in s. 50.135 (1), or  
17 community-based residential facility, as defined in s. 50.01 (1g), owned or operated  
18 by a state or county, provides to a patient regardless of the patient's liability for the  
19 services, to the extent that the insurer is liable to the patient for services provided  
20 at any other inpatient health care facility or community-based residential facility.

21           **(6) EXCLUSIONS.** (a) *Medicare.* No health care coverage plan, insurer or other  
22 organization subject to this section is required to duplicate coverage available under  
23 the federal medicare program.

24           (b) *Certain health care plans.* This section does not apply to a health care  
25 coverage plan offered by a preferred provider plan, as defined in s. 609.01 (4), that

1 is not a managed care plan, as defined in s. 609.01 (3c), or by a limited service health  
2 organization, as defined in s. 609.01 (3).

3 **SECTION 5.** 46.10 (8) (d) of the statutes is amended to read:

4 46.10 (8) (d) After due regard to the case and to a spouse and minor children  
5 who are lawfully dependent on the property for support, compromise or waive any  
6 portion of any claim of the state or county for which a person specified under sub. (2)  
7 is liable, but not any claim payable by an insurer under s. 40.53 (2) or (5) or 632.89  
8 (2) or (2m) or by any other 3rd party.

9 **SECTION 6.** 46.10 (14) (a) of the statutes is amended to read:

10 46.10 (14) (a) Except as provided in pars. (b) and (c), liability of a person  
11 specified in sub. (2) or s. 46.03 (18) for inpatient care and maintenance of persons  
12 under 18 years of age at community mental health centers, a county mental health  
13 complex under s. 51.08, the centers for the developmentally disabled, Mendota  
14 ~~mental health institute~~ Mental Health Institute and Winnebago ~~mental health~~  
15 ~~institute~~ Mental Health Institute or care and maintenance of persons under 18 years  
16 of age in residential, nonmedical facilities such as group homes, foster homes,  
17 treatment foster homes, child caring institutions and juvenile correctional  
18 institutions is determined in accordance with the cost-based fee established under  
19 s. 46.03 (18). The department shall bill the liable person up to any amount of liability  
20 not paid by an insurer under s. 40.53 (2) or (5) or 632.89 (2) or (2m) or by other 3rd  
21 party benefits, subject to rules which include formulas governing ability to pay  
22 promulgated by the department under s. 46.03 (18). Any liability of the patient not  
23 payable by any other person terminates when the patient reaches age 18, unless the  
24 liable person has prevented payment by any act or omission.

25 **SECTION 7.** 51.01 (3n) of the statutes is amended to read:

1           51.01 (3n) "Community mental health program" means a program to provide  
2 community-based outpatient mental health services that is operated by or under  
3 contract with a county department of community programs or that requests payment  
4 for the services under the medical assistance program or under benefits required  
5 under s. 40.53 (2) or 632.89 (2).

6           **SECTION 8.** 51.038 of the statutes is amended to read:

7           **51.038 Outpatient mental health clinic certification.** Except as provided  
8 in s. 51.032, if a facility that provides mental health services on an outpatient basis  
9 holds current accreditation from the council on accreditation of services for families  
10 and children, the department may accept evidence of this accreditation as equivalent  
11 to the standards established by the department, for the purpose of certifying the  
12 facility for the receipt of funds for services provided as a benefit to a medical  
13 assistance recipient under s. 49.46 (2) (b) 6. f., a community aids funding recipient  
14 under s. 51.423 (2) or as mandated coverage under s. 40.53 or 632.89.

15           **SECTION 9.** 51.04 of the statutes is amended to read:

16           **51.04 Treatment facility certification.** Except as provided in s. 51.032, any  
17 treatment facility may apply to the department for certification of the facility for the  
18 receipt of funds for services provided as a benefit to a medical assistance recipient  
19 under s. 49.46 (2) (b) 6. f. or to a community aids funding recipient under s. 51.423  
20 (2) or provided as mandated coverage under s. 40.53 or 632.89. The department shall  
21 annually charge a fee for each certification.

22           **SECTION 10.** 111.91 (2) <sup>7</sup>(~~8~~) of the statutes is created to read:

23           111.91 (2) <sup>7</sup>(~~8~~) The requirements under s. 40.53 related to coverage of treatment  
24 for nervous and mental disorders and alcoholism and other drug abuse problems.

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

1           301.12 (8) (d) After due regard to the case and to a spouse and minor children  
2 who are lawfully dependent on the property for support, compromise or waive any  
3 portion of any claim of the state or county for which a person specified under sub. (2)  
4 is liable, but not any claim payable by an insurer under s. 40.53 (2) or (5) or 632.89  
5 (2) or (2m) or by any other 3rd party.

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

7           301.12 (14) (a) Except as provided in pars. (b) and (c), liability of a person  
8 specified in sub. (2) or s. 301.03 (18) for care and maintenance of persons under 17  
9 years of age in residential, nonmedical facilities such as group homes, foster homes,  
10 treatment foster homes, child caring institutions and juvenile correctional  
11 institutions is determined in accordance with the cost-based fee established under  
12 s. 301.03 (18). The department shall bill the liable person up to any amount of  
13 liability not paid by an insurer under s. 40.53 (2) or (5) or 632.89 (2) or (2m) or by other  
14 3rd-party benefits, subject to rules which include formulas governing ability to pay  
15 promulgated by the department under s. 301.03 (18). Any liability of the resident not  
16 payable by any other person terminates when the resident reaches age 17, unless the  
17 liable person has prevented payment by any act or omission.

18           **SECTION 13. Nonstatutory provisions.**

19           (1) ACTUARIAL STUDY ON COST.

20           (a) *Study requirements.* The office of the commissioner of insurance shall enter  
21 into a contract for an actuarial study or evaluation to determine whether, and to what  
22 extent, the requirements under section 40.53 of the statutes, as created by this act,  
23 are likely to increase the cost of health insurance coverage. The study or evaluation  
24 shall make this determination separately for the health insurance coverage that is  
25 offered by the state under s. 40.51 (6) and by the group insurance board under s. 40.51

1 (7) and separately for health insurance coverage purchased directly in the private  
2 market by individuals and families and by private employers for their employes, as  
3 if the requirements under section 40.53 of the statutes, as created by this act, applied  
4 to such health insurance coverage. The office of the commissioner of insurance shall  
5 report the results of the study or evaluation to the appropriate standing committees  
6 of the legislature in the manner provided under section 13.172 (3) of the statutes no  
7 later than ~~September~~ 1, 2001. June

8 (b) *Funding study.* The office of the commissioner of insurance may not  
9 encumber or expend moneys from the appropriation under section 20.145 (1) (c) of  
10 the statutes, as created by this act, unless the office of the commissioner of insurance  
11 first notifies the joint committee on finance in writing of the proposed encumbrance  
12 or expenditure. If the cochairpersons of the joint committee on finance do not notify  
13 the office of the commissioner of insurance within 14 working days after the date of  
14 the office's notification that the committee has scheduled a meeting to review the  
15 proposed encumbrance or expenditure, the moneys may be encumbered or expended  
16 as proposed by the office. If, within 14 working days after the date of the office's  
17 notification, the cochairpersons of the committee notify the office that the committee  
18 has scheduled a meeting to review the proposed encumbrance or expenditure, the  
19 moneys may be encumbered or expended only upon approval of the committee.

20 **SECTION 14. Initial applicability.**

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

22 (a) Except as provided in paragraph (b), health care coverage plans that are  
23 issued or renewed on the effective date of this paragraph.

