Wisconsin Department of Administration Division of Executive Budget and Finance DOA-2048 (R07/2000)

## Fiscal Estimate - 2001 Session

☐ Updated	☐ Corrected ☐ Su	pplemental			
LRB Number <b>01-1399/1</b>	Introduction Number SB-1	57			
Subject Providing health insurance coverage of mental d	lisorders that is the same as coverage of phy	rsical conditions			
Appropriations Reven	ase Existing absorb within agency'				
<u> </u>	sive Mandatory Towns Vill se Revenue Counties Oth sive Mandatory School W1				
Fund Sources Affected Affected Ch. 20 Appropriations  GPR FED PRO PRS SEG SEGS					
Agency/Prepared By	Authorized Signature	Date			
DPI/ Lori Slauson (608) 267-9127	Brian Pahnke (608) 266-2804	3/21/01			

## Fiscal Estimate Narratives DPI 4/25/01

LRB Number	01-1399/1	Introduction Number	SB-157	Estimate Type	Original
Subject					

Providing health insurance coverage of mental disorders that is the same as coverage of physical conditions

## **Assumptions Used in Arriving at Fiscal Estimate**

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.

By requiring that coverage for nervous and mental disorders and alcohol and other drug abuse problems be the same as coverage for the treatment of physical conditions, the bill may cause insurance premiums to increase. If this increase causes total benefits to rise more than 1.7%, school boards are allowed to pay for them by transferring money from salary increases allowed under the Qualified Economic Offer (QEO). Therefore, salary increases for school district employees may not increase at the 2.1% rate allowed by the QEO. However, any changes within the QEO are indeterminable, and are not expected to increase or decrease local school district expenses.

This bill has no fiscal effect on the Department of Public Instruction.

**Long-Range Fiscal Implications**