



**JIM DOYLE**  
**GOVERNOR**  
**STATE OF WISCONSIN**

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April 21, 2004

TO THE HONORABLE MEMBERS OF THE SENATE:

I am vetoing Senate Bill 322. The bill changes the definition of a group health benefit plan in such a way that it will harm consumers. Under current law, a group health benefit plan is a plan that is sold to two or more employees of an employer or an individual policy sold to three or more employees of an employer. In both cases, numerous consumer protections apply. This bill would restrict this definition to only those health benefit plans that are funded or reimbursed in whole or in part by an employer on behalf of their employees.

Under this bill, many employees would be removed from small employer health insurance protections if employers currently do not, or in the future would not, reimburse or fund a portion of the employees' health plan. In either situation, these employees would no longer be covered by the protections currently available to small insurance plan participants, regardless of whether the employer made a contribution or reimbursement to the employee for costs associated with the insurance. These protections include:

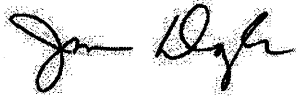
- Continuation and conversion rights, which permit persons who leave the group to access group health insurance for up to 18 months. While the individual may be asked to pay the premiums for a continuation policy, coverage under these policies is generally less expensive and offer better benefits than individual coverage. Once the conversion period is ended, the individual must then be offered a conversion policy, which is individual coverage.
- Portability, which permits an individual with prior group coverage to move to their next group, or in some cases, to the state high-risk pool without serving a new pre-existing condition waiting period. Persons who do not exercise their portability rights within 63 days of losing group coverage lose this right.
- Guarantee issue for small group coverage, meaning that the insurer must accept all members of a group without excluding pre-existing health conditions. In the individual market, each policy is underwritten and insurers are permitted to refuse coverage to those individuals who do not meet the insurer's underwriting standards or exclude coverage for pre-existing health conditions.

- Mandated benefits required for group plans, for example, benefits for mental health and AODA treatment, are not required for individual policies.
- Limits on the rates that can be charged to employers with small group health insurance policies that do not apply in the individual market.

When employees are removed from group coverage they would then be forced to look at individual plans, including the state HIRSP program, for their insurance needs. Individual plans are often less affordable than group coverage and many would be unable to afford these individual plans. The result would be an increase in the number of uninsured individuals in the state.

While the bill was originally developed as a way to decrease costs and improve access, it probably would have the opposite effect and result in higher costs and fewer insured individuals and families. Because I want to ensure that access to coverage is as broad as possible and that the consumer protections of small group insurance laws are available to as many people as possible, I am vetoing this bill.

Respectfully submitted,



JIM DOYLE  
Governor