

2007 ASSEMBLY BILL 419

June 21, 2007 – Introduced by Representatives SCHNEIDER, BIES, YOUNG, HIXSON, TURNER, BENEDICT, SINICKI, BERCEAU and A. WILLIAMS, cosponsored by Senator ERPENBACH. Referred to Committee on Insurance.

1 **AN ACT to amend** 628.34 (3) (b), 632.785 (1) (a) and 632.785 (2); and **to create**
2 632.7497 of the statutes; **relating to:** prohibiting a health insurer from
3 denying coverage under a group or individual health benefit plan on the basis
4 of a preexisting condition.

Analysis by the Legislative Reference Bureau

Under current law, an insurer may not refuse to insure an individual because of a mental or physical disability except when the refusal is based on sound actuarial principles or actual or reasonably anticipated experience. Current law requires an insurer that offers health insurance to employers with 50 or fewer employees (small employers) to provide coverage to any small employer that applies for coverage and to accept for enrollment any eligible individual who applies for enrollment during the period in which he or she first becomes eligible to enroll. Also under current law, an insurer that offers a group health benefit plan to an employer is required to offer coverage under the plan to all of the employer's eligible employees (generally, employees who work at least 30 hours per week) and their dependents. This requirement also applies to self-insured health plans of the state and municipalities and school districts. In addition, current law prohibits an insurer from establishing rules for the eligibility of any individual to enroll in an employer's group health benefit plan on the basis of a number of health-status-related factors, including medical condition, claims experience, and genetic information.

This bill prohibits an insurer that offers group or individual health insurance policies or plans from refusing to provide coverage to any individual, including a

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dependent, on the basis of a medical condition that existed before the individual's proposed enrollment in such a policy or plan.

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

1 **SECTION 1.** 628.34 (3) (b) of the statutes is amended to read:

2 628.34 (3) (b) No insurer may refuse to insure or refuse to continue to insure,
3 or limit the amount, extent, or kind of coverage available to an individual, or charge
4 an individual a different rate for the same coverage because of a mental or physical
5 disability except when the refusal, limitation, or rate differential is based on either
6 sound actuarial principles supported by reliable data or actual or reasonably
7 anticipated experience, subject to ss. 632.746 to ~~632.7495~~ 632.7497.

8 **SECTION 2.** 632.7497 of the statutes is created to read:

9 **632.7497 Prohibiting denial of coverage on basis of preexisting**
10 **condition under group or individual health insurance. (1)** In this section,
11 “disability insurance policy” has the meaning given in s. 632.895 (1) (a).

12 **(2) (a)** An insurer that offers group disability insurance policies may not refuse
13 to provide coverage under a group disability insurance policy or a certificate of group
14 disability insurance to any individual, including an individual who is a dependent,
15 based wholly or partially on a medical condition of the individual that existed before
16 the proposed commencement of the individual's coverage under the policy or
17 certificate.

18 **(b)** An insurer that offers individual disability insurance policies may not
19 refuse to provide coverage under an individual disability insurance policy to any
20 individual, including an individual who is a dependent, based wholly or partially on

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1 a medical condition of the individual that existed before the proposed
2 commencement of the individual's coverage under the policy.

3 **SECTION 3.** 632.785 (1) (a) of the statutes is amended to read:

4 632.785 (1) (a) A notice of ~~rejection or~~ cancellation of coverage.

5 **SECTION 4.** 632.785 (2) of the statutes is amended to read:

6 632.785 (2) Any notice issued under sub. (1) shall also state the reasons for the
7 ~~rejection,~~ termination, cancellation, or imposition of underwriting restrictions.

8 **SECTION 5. Initial applicability.**

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

10 (a) Except as provided in paragraph (b), disability insurance policies or
11 certificates of group disability insurance that are issued on the effective date of this
12 paragraph.

13 (b) Disability insurance policies or certificates of group disability insurance
14 covering employees who are affected by a collective bargaining agreement containing
15 provisions inconsistent with this act that are issued on the earlier of the following:

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

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

19 (END)