

## 2007 DRAFTING REQUEST

### Bill

Received: **01/17/2007**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Rhodes**

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

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**

Extra Copies:

Submit via email: **NO**

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### Pre Topic:

DOA:.....Rhodes, BB0384 -

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### Topic:

Increase limits for mental health and AODA coverage

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### Instructions:

See Attached

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### 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>
/?	pkahler 01/17/2007	wjackson 01/18/2007		_____			S&L
/1			nmatzke 01/19/2007	_____	cduerst 01/19/2007		

FE Sent For:

<END>

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/?	pkahler	/1 WJ 1/18	nwn 1/19	nwa/CS 1/19			

FE Sent For:

<END>

## 2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Minimum Coverage for Mental Health & AODA Disorders
- Tracking Code: BB0384
- SBO team: Health and Insurance
- SBO analyst: Dennis Rhodes
  - Phone: 6-2288
  - Email: dennis.rhodes@wisconsin.gov
- Agency acronym: DHFS
- Agency number: 435
- Priority: High

Please draft provisions similar to those in 2005 SB 128 that raise minimum insurance coverage amounts for mental health and AODA problems in inpatient, outpatient and transitional settings.



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-1561/7  
PJK: f....  
KJF and WLJ

DOA:.....Rhodes, BB0384 - Increase limits for mental health and AODA coverage

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

(w/1-17)

do not  
you cut

1 AN ACT...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

INSURANCE

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

2

(END)





## 2007 BILL

1 **AN ACT to amend** 632.89 (2) (b) 1., 632.89 (2) (c) 2. b., 632.89 (2) (d) 2. and 632.89  
2 (2) (dm) 2.; and **to create** 632.89 (1) (am) and 632.89 (2) (f) of the statutes;  
3 **relating to:** increasing the limits for insurance coverage of nervous or mental  
4 health disorders or alcoholism or other drug abuse problems.

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### *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 cover those services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in the minimum amount of the lesser of 1) the expenses of 30 days of inpatient services; or 2) \$7,000 minus the applicable cost sharing under the policy or, if there is no cost sharing under the policy, \$6,300 in equivalent benefits measured in services rendered. If a group health insurance policy provides coverage of any outpatient hospital services, it must cover those services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in the minimum amount of \$2,000 minus the applicable cost sharing under the policy or, if there is no cost sharing under the policy, \$1,800 in equivalent benefits measured in services rendered. If a group health insurance policy provides coverage of any inpatient or outpatient hospital services, it must cover the cost of transitional treatment arrangements (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) for the treatment of nervous and mental disorders and alcoholism and other drug abuse

**BILL**

problems in the minimum amount of \$3,000 minus the applicable cost sharing under the policy or, if there is no cost sharing under the policy, \$2,700 in equivalent benefits measured in services rendered. 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, or the equivalent benefits measured in services rendered, in a policy year.

This bill changes the minimum amount of coverage that must be provided for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems on the basis of the change in the consumer price index for medical services since the coverage amounts in current law were enacted in 1985 and 1992. Inpatient services must be covered in the minimum amount of the lesser of 1) the expenses of 30 days of inpatient services; or 2) \$20,250 minus the applicable cost sharing or, if there is no cost sharing under the policy, \$18,250 in equivalent benefits measured in services rendered. Outpatient services must be covered in the minimum amount of \$3,450 minus the applicable cost sharing or, if there is no cost sharing under the policy, \$3,100 in equivalent benefits measured in services rendered. Transitional treatment arrangements must be covered in the minimum amount of \$5,200 minus the applicable cost sharing or, if there is no cost sharing under the policy, \$4,650 in equivalent benefits measured in services rendered. The total coverage for all types of treatment for nervous and mental disorders and alcoholism and other drug abuse problems need not exceed \$20,250, or the equivalent benefits measured in services rendered, in a policy year.

The table below provides information on treatment category, current minimum coverage amount, year of enactment, and the proposed coverage amounts based on

**BILL**

the increase in the federal cost-of-living for medical coverage "indexed" since the enactment of the current coverage amounts.

<i>Treatment</i>	<i>Current Minimum Coverage Amount</i>	<i>Year Enacted</i>	<i>Proposed Coverage Amounts</i>
<i>Inpatient</i>			
Cost-sharing	\$7,000*	1985	\$20,250*
No cost-sharing	\$6,300	1985	\$18,250
<i>Outpatient</i>			
Cost-sharing	\$2,000*	1992	\$ 3,450*
No cost-sharing	\$1,800	1992	\$ 3,100
<i>Transitional</i>			
Cost-sharing	\$3,000*	1992	\$ 5,200*
No cost-sharing	\$2,700	1992	\$ 4,650
<i>All services</i>	\$7,000	1985	\$20,250

\*Minus cost-sharing

→ The bill also requires <sup>DHES</sup> the Department of Health and Family Services to report annually to the governor and legislature on the change in coverage limits necessary to conform with the change in the federal consumer price index for medical costs.

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:***

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

2           632.89 (1) (am) "Consumer price index" means the consumer price index for all  
3 urban consumers, U.S. city average, as determined by the U.S. department of labor.

4           **SECTION 2.** 632.89 (2) (b) 1. of the statutes is amended to read:

5           632.89 (2) (b) 1. Except as provided in subd. 2., if a group or blanket disability  
6 insurance policy issued by an insurer provides coverage of inpatient hospital  
7 treatment or outpatient treatment or both, the policy shall provide coverage in every  
8 policy year as provided in pars. (c) to (dm), as appropriate, except that the total

**BILL****SECTION 2**

1 coverage under the policy for a policy year need not exceed \$7,000 \$20,250 or the  
2 equivalent benefits measured in services rendered.

3 **SECTION 3.** 632.89 (2) (c) 2. b. of the statutes is amended to read:

4 632.89 (2) (c) 2. b. ~~Seven thousand~~ Twenty thousand two hundred fifty dollars  
5 minus any applicable cost sharing at the level charged under the policy for inpatient  
6 hospital services or the equivalent benefits measured in services rendered or, if the  
7 policy does not use cost sharing, ~~\$6,300~~ \$18,250 in equivalent benefits measured in  
8 services rendered.

9 **SECTION 4.** 632.89 (2) (d) 2. of the statutes is amended to read:

10 632.89 (2) (d) 2. Except as provided in par. (b), a policy under subd. 1. shall  
11 provide coverage in every policy year for not less than ~~\$2,000~~ \$3,450 minus any  
12 applicable cost sharing at the level charged under the policy for outpatient services  
13 or the equivalent benefits measured in services rendered or, if the policy does not use  
14 cost sharing, ~~\$1,800~~ \$3,100 in equivalent benefits measured in services rendered.

15 **SECTION 5.** 632.89 (2) (dm) 2. of the statutes is amended to read:

16 632.89 (2) (dm) 2. Except as provided in par. (b), a policy under subd. 1. shall  
17 provide coverage in every policy year for not less than ~~\$3,000~~ \$5,200 minus any  
18 applicable cost sharing at the level charged under the policy for transitional  
19 treatment arrangements or the equivalent benefits measured in services rendered  
20 or, if the policy does not use cost sharing, ~~\$2,700~~ \$4,650 in equivalent benefits  
21 measured in services rendered.

22 **SECTION 6.** 632.89 (2) (f) of the statutes is created to read:

23 632.89 (2) (f) *Report on coverage limits.* The department of health and family  
24 services shall report annually to the governor and the legislature on revising the



**BILL**

*insert 5-4*

1 coverage limits specified in this subsection based on the change in the consumer price  
2 index for medical costs.

3 **SECTION 7. Initial applicability.**

4 (1) This act first applies to a policy issued, renewed, or modified on the first day  
5 of the 13th month beginning after publication.

6 (END)

**2007-2008 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

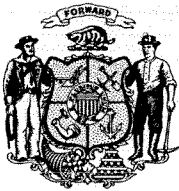
LRB-1561/ins  
PJK:.....

**INSERT 5-4**

**SECTION 9325. Initial applicability; Insurance.**

(1) LIMITS FOR MENTAL HEALTH AND DRUG ABUSE COVERAGE. The treatment of section 632.89 (1) (am) and (2) (b) 1., (c) 2. b., (d) 2., (dm) 2., and (f) of the statutes

**(END OF INSERT 5-4)**



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-1561/1  
PJK:kjf&wlj:wnw

DOA:.....Rhodes, BB0384 - Increase limits for mental health and AODA coverage

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

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