

2009 DRAFTING REQUEST

Bill

Received: **02/04/2009**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Jon Richards (608) 266-0650**

By/Representing: **Jeff Kostelic**

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

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Richards@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Standard application, preexisting condition exclusions, and modifications at renewal for individual health benefit plans

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>
/?	pkahler 02/04/2009	bkraft 02/04/2009		_____			
/1			mduchek 02/04/2009	_____	lparisi 02/04/2009	sbasford 02/05/2009	

FE Sent For:

No

<END>

2009 DRAFTING REQUEST

Bill

Received: **02/04/2009**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Jon Richards (608) 266-0650**

By/Representing: **Jeff Kostelic**

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

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Richards@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Standard application, preexisting condition exclusions, and modifications at renewal for individual health benefit plans

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>
/?	pkahler 02/04/2009	bkraft 02/04/2009		_____			
/1			mduchek 02/04/2009	_____	lparisi 02/04/2009		

FE Sent For:

<END>

2009 DRAFTING REQUEST

Bill

Received: 02/04/2009

Received By: pkahler

Wanted: As time permits

Identical to LRB:

For: Jon Richards (608) 266-0650

By/Representing: Jeff Kostelic

This file may be shown to any legislator: NO

Drafter: pkahler

May Contact:

Addl. Drafters:

Subject: Insurance - health

Extra Copies:

Submit via email: YES

Requester's email: Rep.Richards@legis.wisconsin.gov

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Standard application, preexisting condition exclusions, and modifications at renewal for individual health benefit plans

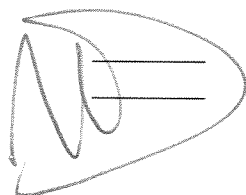
Instructions:

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>
--------------	----------------	-----------------	--------------	----------------	------------------	-----------------	-----------------

/?	pkahler	/l bjk 2/4					
----	---------	------------	--	--	--	--	--



FE Sent For:

<END>

2/4

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

Jeff Kostelic for Rep Richard 2-4

wants companion to 912 (prey, mod at

renewal, & standard
application for indiv.
health ben plans)



1969/1
LRB-0912/1
PJK:bjk:bf
Lstarp

wanted today
(2-4)
SAV

2009 BILL

regen.

1 AN ACT *to renumber and amend* 632.7495 (1) (b); *to amend* 631.36 (5) (b)
2 (intro.), 632.76 (2) (a) and 632.76 (2) (b); and *to create* 601.41 (10), 631.36 (5)
3 (b) 3., 632.7495 (1) (b) 2. and 632.76 (2) (ac) of the statutes; **relating to:**
4 preexisting condition exclusions, modifications at renewal, and establishing a
5 standard application for individual health benefit plans and granting
6 rule-making authority.

Analysis by the Legislative Reference Bureau

Preexisting condition exclusions

Under current law, an insurer may impose a preexisting condition exclusion for up to two years under an individual health insurance policy. Under a group health insurance policy, a preexisting condition exclusion generally may not exceed one year. Additionally, under a group health insurance policy, an insurer is limited to imposing a preexisting condition exclusion only with respect to conditions for which an insured received treatment, or for which treatment was recommended, within six months before the insured's coverage began. Under an individual health insurance policy, an insurer is not limited with respect to how long before an insured's coverage began a condition must have existed to be considered a preexisting condition for an exclusion, and current law does not specify that the insured must have received treatment, or that treatment must have been recommended, for the condition. Thus,

BILL

an insurer is free to impose a preexisting condition exclusion under an individual health insurance policy for any condition that may have existed at any time during the insured's lifetime that the insurer believes the insured should have known existed or for which the insurer believes the insured should have sought treatment. This bill provides that under an individual health insurance policy, an insurer may impose a preexisting condition exclusion for up to one year for a condition for which an insured received treatment, or for which treatment was recommended, within one year before the insured's coverage began.

Modifications at renewal of individual health insurance

With some exceptions, an insurer must renew an individual health insurance policy at the option of the insured. At renewal, the insurer may modify the policy form on a uniform basis among all individuals with coverage under that policy form. The bill requires an insurer, at renewal of an individual health insurance policy and at the request of the insured, to modify the benefits or deductible level under the policy, or to provide coverage under a different but comparable individual health insurance policy offered by the insurer without subjecting any individual covered under the policy to additional underwriting.

Uniform application for individual health insurance

The bill requires the commissioner of insurance to promulgate rules prescribing uniform questions and the format for individual health insurance policy applications, which may not be more than ten pages long. After the effective date of the rules, all insurers offering individual health insurance policies must use the prescribed questions and format on an application for such a policy.

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

- 1 **SECTION 1.** [✓] 601.41 (10) of the statutes is created to read:
- 2 601.41 (10) UNIFORM APPLICATION FOR INDIVIDUAL HEALTH INSURANCE POLICIES.
- 3 (a) The commissioner shall by rule prescribe uniform questions and the format for
- 4 applications, which may not exceed 10 pages in length, for individual major medical
- 5 health insurance policies.
- 6 (b) After the effective date of the rules promulgated under par. (a), an insurer
- 7 may use only the prescribed questions and format for individual major medical
- 8 health insurance policy applications. The commissioner shall publish a notice in the

BILL

1 Wisconsin Administrative Register that states the effective date of the rules
2 promulgated under par. (a).

3 (c) For purposes of this subsection, an individual major medical health
4 insurance policy includes health coverage provided on an individual basis through
5 an association.

6 **SECTION 2.** 631.36 (5) (b) (intro.) of the statutes is amended to read:

7 631.36 (5) (b) *Exception.* (intro.) Paragraph (a) does not apply if the only
8 change that is adverse to the policyholder is a premium increase and if either any of
9 the following applies to the premium increase:

10 **SECTION 3.** 631.36 (5) (b) 3. of the statutes is created to read:

11 631.36 (5) (b) 3. The premium increase results from a modification in the
12 benefits or deductible level requested by the insured at the time of coverage renewal
13 under s. 632.7495 (1) (b) 2. a.

14 **SECTION 4.** 632.7495 (1) (b) of the statutes is renumbered 632.7495 (1) (b)
15 (intro.) and amended to read:

16 632.7495 (1) (b) (intro.) At the time of coverage renewal, the all of the following
17 apply:

18 1. The insurer may modify the individual health benefit plan coverage policy
19 form as long as the modification is consistent with state law and effective on a
20 uniform basis among all individuals with coverage under that policy form.

21 **SECTION 5.** 632.7495 (1) (b) 2. of the statutes is created to read:

22 632.7495 (1) (b) 2. The insurer shall, at the request of the insured individual,
23 do either of the following:

24 a. Modify the benefits or deductible level, or both, under the individual health
25 benefit plan that is being renewed.

BILL

1 b. Provide coverage to the insured individual under a different but comparable
2 individual health benefit plan offered by the insurer, without subjecting any
3 individual covered under the individual health benefit plan to additional
4 underwriting.

5 **SECTION 6.** [✓] 632.76 (2) (a) of the statutes is amended to read:

6 632.76 (2) (a) No claim for loss incurred or disability commencing after 2-years
7 12 months from the date of issue of the policy may be reduced or denied on the ground
8 that a disease or physical condition existed prior to the effective date of coverage,
9 unless the condition was excluded from coverage by name or specific description by
10 a provision effective on the date of loss. This paragraph does not apply to a group
11 health benefit plan, as defined in s. 632.745 (9), which is subject to s. 632.746.

12 **SECTION 7.** [✓] 632.76 (2) (ac) of the statutes is created to read:

13 632.76 (2) (ac) An individual disability insurance policy, as defined in s.
14 632.895 (1) (a), may not define a preexisting condition more restrictively than a
15 condition for which medical advice was given or treatment was recommended by or
16 received from a physician within 12 months before the effective date of coverage.

17 **SECTION 8.** [✓] 632.76 (2) (b) of the statutes is amended to read:

18 632.76 (2) (b) Notwithstanding par. (a), no claim for loss incurred or disability
19 commencing after 6 months from the date of issue of a medicare supplement policy,
20 medicare replacement policy or long-term care insurance policy may be reduced or
21 denied on the ground that a disease or physical condition existed prior to the effective
22 date of coverage. ~~-A- Notwithstanding par. (ac), a medicare supplement policy,~~
23 medicare replacement policy, or long-term care insurance policy may not define a
24 preexisting condition more restrictively than a condition for which medical advice
25 was given or treatment was recommended by or received from a physician within 6

BILL

1 months before the effective date of coverage. Notwithstanding par. (a), if on the basis
2 of information contained in an application for insurance a medicare supplement
3 policy, medicare replacement policy, or long-term care insurance policy excludes
4 from coverage a condition by name or specific description, the exclusion must
5 terminate no later than 6 months after the date of issue of the medicare supplement
6 policy, medicare replacement policy, or long-term care insurance policy. The
7 commissioner may by rule exempt from this paragraph certain classes of medicare
8 supplement policies, medicare replacement policies, and long-term care insurance
9 policies, if the commissioner finds the exemption is not adverse to the interests of
10 policyholders and certificate holders.

SECTION 9. Nonstatutory provisions.

11
12 (1) RULES. The commissioner of insurance shall submit in proposed form the
13 rules required under section 601.41 (10) (a) of the statutes, as created by this act, to
14 the legislative council staff under section 227.15 (1) of the statutes no later than the
15 first day of the 13th month beginning after the effective date of this subsection.

SECTION 10. Initial applicability.

16
17 (1) MODIFICATIONS AT RENEWAL. The treatment of section 632.7495 (1) (b) 2. of
18 the statutes first applies to individual health benefit plans that are renewed on the
19 effective date of this subsection.

20 (2) PREEXISTING CONDITION EXCLUSIONS. The treatment of section 632.76 (2) (a),
21 (ac), and (b) of the statutes first applies to individual disability insurance policies
22 that are issued or renewed on the effective date of this subsection.

23 (END)

Basford, Sarah

From: Kostelic, Jeff
Sent: Thursday, February 05, 2009 8:35 AM
To: LRB.Legal
Subject: Draft Review: LRB 09-1969/1 Topic: Standard application, preexisting condition exclusions, and modifications at renewal for individual health benefit plans

Please Jacket LRB 09-1969/1 for the ASSEMBLY.