

2009 ASSEMBLY BILL 118

March 4, 2009 – Introduced by Representatives SMITH, RICHARDS, HRAYCHUCK, POPE-ROBERTS, YOUNG, SEIDEL, CLARK, BERCEAU and A. WILLIAMS, cosponsored by Senators VINEHOUT, ERPENBACH, ROBSON, LEHMAN, CARPENTER, WIRCH, TAYLOR, COGGS, HANSEN and MILLER. Referred to Committee on Insurance.

1 **AN ACT** *to amend* 40.51 (8), 40.51 (8m), 66.0137 (4), 120.13 (2) (g), 185.981 (4t),
2 185.983 (1) (intro.), 632.895 (15) (a) and 632.895 (15) (c) 5.; and *to create* 111.91
3 (2) (t), 609.74 and 632.885 of the statutes; **relating to:** coverage of dependents
4 under health care plans.

Analysis by the Legislative Reference Bureau

Current law contains a number of provisions related to coverage of dependents under health insurance policies. For example, a health insurer must cover a newly born child of an insured from the moment of birth, but may discontinue coverage after 60 days if the insured does not notify the insurer of the birth and pay any additional premium within those 60 days. If a health insurer covers a child of an insured, the health insurer must also cover any child of the insured's child until the insured's child is 18 years old. If a health insurer covers dependents up to a certain age, the health insurer may not terminate coverage of a dependent child who reaches that age if, and while, the child is incapable of self-sustaining employment because of mental retardation or physical handicap and is dependent on the insured for support and maintenance. If a health insurer covers a person as a dependent because the person is a full-time student, the health insurer must continue to cover that person if he or she ceases to be a full-time student due to a medically necessary leave of absence until the happening of one of a number of specified events, such as the person's obtaining other health care coverage or reaching the age at which coverage ends under the terms of the policy for a dependent who is covered because he or she is a full-time student. Current law, however, does not require a health insurer to

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cover a dependent of an insured up to any particular age or because a dependent is a full-time student.

Under this bill, a health insurer must offer to cover any child of an insured if the child is unmarried, is under 27 years old, and is not eligible for coverage under a group health benefit plan that is provided by his or her employer and for which his or her premium contribution is no greater than the premium amount for his or her dependent coverage under his or her parent's health insurance plan. Additionally, if the child is a full-time student but previously had his or her education interrupted by service in the national guard or reserves, the health insurer must offer dependent coverage for that child for as long as he or she is a full-time student, regardless of age.

The insurer must provide the coverage if the insured requests it, and may require that the insured provide annual written documentation that the dependent child satisfies the criteria for coverage. The bill specifies that an insurer must determine the premium for coverage of a dependent who is over 18 years of age on the same basis as the premium is determined for a younger dependent. The coverage requirement applies to all types of individual and group health insurance policies and plans, including those offered by the state, and to self-insured health plans of counties, cities, villages, towns, school districts, and the state.

The bill does not eliminate any of the other requirements that exist in current law related to coverage of dependents.

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.** 40.51 (8) of the statutes is amended to read:

2 40.51 **(8)** Every health care coverage plan offered by the state under sub. (6)
3 shall comply with ss. 631.89, 631.90, 631.93 (2), 631.95, 632.72 (2), 632.746 (1) to (8)
4 and (10), 632.747, 632.748, 632.83, 632.835, 632.85, 632.853, 632.855, 632.87 (3) to
5 ~~(5) (6), 632.885,~~ 632.895 (5m) and (8) to (15), and 632.896.

6 **SECTION 2.** 40.51 (8m) of the statutes is amended to read:

7 40.51 **(8m)** Every health care coverage plan offered by the group insurance
8 board under sub. (7) shall comply with ss. 631.95, 632.746 (1) to (8) and (10), 632.747,
9 632.748, 632.83, 632.835, 632.85, 632.853, 632.855, 632.885, and 632.895 (11) to (15).

10 **SECTION 3.** 66.0137 (4) of the statutes is amended to read:

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1 66.0137 **(4)** SELF-INSURED HEALTH PLANS. If a city, including a 1st class city, or
2 a village provides health care benefits under its home rule power, or if a town
3 provides health care benefits, to its officers and employees on a self-insured basis,
4 the self-insured plan shall comply with ss. 49.493 (3) (d), 631.89, 631.90, 631.93 (2),
5 632.746 (10) (a) 2. and (b) 2., 632.747 (3), 632.85, 632.853, 632.855, 632.87 (4), and
6 (5), and (6), 632.885, 632.895 (9) to (15), 632.896, and ~~767.25 (4m) (d)~~ 767.513 (4).

7 **SECTION 4.** 111.91 (2) (t) of the statutes is created to read:

8 111.91 **(2)** (t) The requirements related to dependent coverage under s. 632.885.

9 **SECTION 5.** 120.13 (2) (g) of the statutes is amended to read:

10 120.13 **(2)** (g) Every self-insured plan under par. (b) shall comply with ss.
11 49.493 (3) (d), 631.89, 631.90, 631.93 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3),
12 632.85, 632.853, 632.855, 632.87 (4) ~~and (5)~~, and (6), 632.885, 632.895 (9) to (15),
13 632.896, and ~~767.25 (4m) (d)~~ 767.513 (4).

14 **SECTION 6.** 185.981 (4t) of the statutes is amended to read:

15 185.981 **(4t)** A sickness care plan operated by a cooperative association is
16 subject to ss. 252.14, 631.17, 631.89, 631.95, 632.72 (2), 632.745 to 632.749, 632.85,
17 632.853, 632.855, 632.87 (2m), (3), (4), ~~and (5)~~, and (6), 632.885, 632.895 (10) to (15),
18 and 632.897 (10) and chs. 149 and 155.

19 **SECTION 7.** 185.983 (1) (intro.) of the statutes is amended to read:

20 185.983 **(1)** (intro.) Every such voluntary nonprofit sickness care plan shall be
21 exempt from chs. 600 to 646, with the exception of ss. 601.04, 601.13, 601.31, 601.41,
22 601.42, 601.43, 601.44, 601.45, 611.67, 619.04, 628.34 (10), 631.17, 631.89, 631.93,
23 631.95, 632.72 (2), 632.745 to 632.749, 632.775, 632.79, 632.795, 632.85, 632.853,
24 632.855, 632.87 (2m), (3), (4), ~~and (5)~~, and (6), 632.885, 632.895 (5) and (9) to (15),

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1 632.896, and 632.897 (10) and chs. 609, 630, 635, 645, and 646, but the sponsoring
2 association shall:

3 **SECTION 8.** 609.74 of the statutes is created to read:

4 **609.74 Coverage of dependents.** Limited service health organizations,
5 preferred provider plans, and defined network plans are subject to s. 632.885.

6 **SECTION 9.** 632.885 of the statutes is created to read:

7 **632.885 Coverage of dependents. (1) DEFINITIONS.** In this section:

8 (a) “Disability insurance policy” has the meaning given in s. 632.895 (1) (a).

9 (b) “Insured” includes an enrollee.

10 (c) “Self-insured health plan” has the meaning given in s. 632.745 (24).

11 **(2) REQUIREMENT TO OFFER DEPENDENT COVERAGE.** (a) Subject to ss. 632.88 and
12 632.895 (5), every insurer that issues a disability insurance policy, and every
13 self-insured health plan, shall offer and, if so requested by an applicant or an
14 insured, provide coverage for an adult child of the applicant or insured as a
15 dependent of the applicant or insured if the child satisfies all of the following criteria:

16 1. The child is over 17 but less than 27 years of age.

17 2. The child is not married.

18 3. The child is not eligible for coverage under a group health benefit plan, as
19 defined in s. 632.745 (9), that is offered by the child’s employer and for which the
20 amount of the child’s premium contribution is no greater than the premium amount
21 for his or her coverage as a dependent under this section.

22 (b) Notwithstanding par. (a) 1., the coverage requirement under this section
23 applies to an adult child who satisfies all of the following criteria:

24 1. The child is a full-time student, regardless of age.

25 2. The child satisfies the criteria under par. (a) 2. and 3.

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1 3. The child was called to federal active duty in the national guard or in a
2 reserve component of the U.S. armed forces while the child was attending, on a
3 full-time basis, an institution of higher education.

4 4. The child was under the age of 27 years when called to federal active duty
5 under subd. 3.

6 **(3) PREMIUM DETERMINATION.** An insurer or self-insured health plan shall
7 determine the premium for coverage of a dependent who is over 18 years of age on
8 the same basis as the premium is determined for coverage of a dependent who is 18
9 years of age or younger.

10 **(4) DOCUMENTATION OF CRITERIA SATISFACTION.** An insurer or self-insured health
11 plan may require that an applicant or insured seeking coverage of a dependent child
12 provide written documentation, initially and annually thereafter, that the
13 dependent child satisfies the criteria for coverage under this section.

14 **SECTION 10.** 632.895 (15) (a) of the statutes is amended to read:

15 632.895 **(15)** (a) Subject to pars. (b) and (c), every disability insurance policy,
16 and every self-insured health plan of the state or a county, city, town, village, or
17 school district, that provides coverage for a person as a dependent of the insured
18 because the person is a full-time student, including the coverage under s. 632.885
19 (2) (b), shall continue to provide dependent coverage for the person if, due to a
20 medically necessary leave of absence, he or she ceases to be a full-time student.

21 **SECTION 11.** 632.895 (15) (c) 5. of the statutes is amended to read:

22 632.895 **(15)** (c) 5. The Except for a person who has coverage as a dependent
23 under s. 632.885 (2) (b), the person reaches the age at which coverage as a dependent
24 who is a full-time student would otherwise end under the terms and conditions of
25 the policy or plan.

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

(a) Except as provided in paragraphs (b) and (c), disability insurance policies that are issued or renewed, and governmental or school district self-insured health plans that are established, extended, modified, or renewed, on the effective date of this paragraph.

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

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

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

(c) Governmental or school district self-insured health plans covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with this act that are established, extended, modified, or renewed on the earlier of the following:

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

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

SECTION 13. Effective date.

(1) This act takes effect on the first day of the 7th month beginning after publication.

(END)