



Wisconsin Office of the
COMMISSIONER
OF INSURANCE

Tony Evers, Governor of Wisconsin
Mark Afable, Commissioner of Insurance

September 15, 2021

Mr. Michael J. Queensland
Senate Chief Clerk
State Capitol
P.O. Box 7882
Madison, WI 53707

Mr. Ted Blazel
Assembly Chief Clerk
17 West Main Street
Room 410
Madison, WI 53703

Re: Social and Financial Impact Report—2021 Senate Bill 546 and Assembly Bill 552—relating to a cost-sharing cap on insulin.

Dear Chief Clerks Queensland and Blazel:

Pursuant to Wis. Stat. § 601.423, the Office of the Commissioner of Insurance (OCI) is submitting a social and financial impact report on 2021 Senate Bill 546 and Assembly Bill 552, relating to a cost-sharing cap on insulin.

Cost Sharing for Insulin

OCI has determined that 2021 Senate Bill 546 and Assembly Bill 552 require a social and financial impact report for the following reason:

1. The provision requires a particular benefit design or imposes conditions on cost sharing under an insurance policy, plan, or contract for the treatment of a particular disease, condition, or other health care need, for a particular type of health care treatment or service, or for the provision of equipment, supplies, or drugs used in connection with a health care treatment or service.

Social Impact

Pursuant to Wis. Stat. § 632.895 (6), disability insurance policies that provide coverage for the treatment of diabetes and among other related coverages, shall provide coverage for insulin or any other prescription medication used in the treatment of diabetes. The coverage may be subject to the same exclusion, limitations, deductibles and co-insurance provisions of the policy as other covered expenses. OCI has reviewed the requirements proposed in 2021 Senate Bill 546 and Assembly Bill 552 section 4 creating Wis. Stat. § 632.895 (6) (b). The proposed paragraph both expands the types of entities affected by the diabetic mandate to include self-insured plans of the state, county, city, village, town or school districts that offer coverage for insulin and limits the amount of cost-sharing an insured can be charged for a one-month supply for insulin.

Insurers and identified self-funded plans, under the proposal, are required not to impose cost sharing on insulin in an amount that exceeds \$ 50.00 for a one-month supply.

According to the American Diabetes Association, approximately 574,000 adults living in Wisconsin have diabetes. Additionally, every year an estimated 34,000 Wisconsinites will be diagnosed with diabetes.

OCI is unable to definitively determine at this time how many of the approximately 574,000 individuals with diabetes in Wisconsin are being treated with some form of insulin as part of the treatment of their diabetic condition. OCI is also unable to definitively determine at this time how many disability insurance policies and self-funded policies covering state, county, city, village, town, or school districts are offering coverage for insulin with cost-sharing amounts that exceed the proposed limitations. Due to insufficient information noted above, OCI is unable to determine the number of individuals with diabetes who could benefit from the new insurance mandate proposed in 2021 Senate Bill 546 and Assembly Bill 552.

Financial Impact

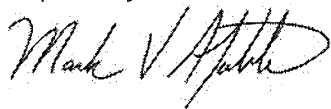
The mandate for coverage of diabetic treatment and equipment has existed in Wisconsin since November 27, 1981, and amended periodically to specify inclusion of prescription medications used to treat diabetes. The fiscal impact of the proposed bill may lower insured's cost-sharing to the extent the current cost-sharing exceeds the proposed cap and potentially increase costs to the insurers or self-funded state, county, city, village, town or school district that currently may voluntarily provide coverage for the treatment of diabetes including coverage for insulin, if the current cost sharing levels exceed the proposed caps.

Insurers offering coverage through the federal marketplace exchange must provide coverage that is substantially similar to the state's established benchmark plan. The state's benchmark plan includes both state and federal coverage requirements and plans are required to offer coverage for preventive services, including diabetic treatment and insulin, consistent with 45 CFR 147.130. Insurers offering grandfathered plans or transitional plans, non-federal governmental health plans, self-insured private employer plans, and large employer group health plan are not restricted to offering a plan that is similar to the Wisconsin benchmark plan. Large employers and non-federal governmental plans may select a benchmark plan from another state provided the plan includes Wisconsin's mandated benefits. OCI is unaware of the number of plans that cover insulin treatment and require cost-sharing that would exceed the proposed cap. Therefore, OCI cannot determine what additional expenditures there would be for the proposed limitations on cost-sharing for insulin.

Federal guidance requires a state that mandates health benefits in excess of the benchmark plan to defray the cost of the additional mandated health benefits but only for coverage offered through the federal marketplace exchange (see, 45 CFR § 155.170). Wisconsin's benchmark plan was established as of January 1, 2014, and included all statutory health mandates active on that date. 2021 Senate Bill 546 and Assembly Bill 552 propose to impose limitations on cost-sharing for insulin. The state may be required to defray additional costs imposed on insurers offering a plan through the federal marketplace exchange with cost-sharing limitations on insulin in excess of the proposed cap if the cap is found by the federal government to extend coverage beyond the existing benchmark plan.

Please contact Sarah Smith at (608) 209-6309 or Sarah.Smith2@wisconsin.gov if you have any questions.

Respectfully submitted,



Mark V. Afable
Commissioner

Cc: The Honorable Tony Evers, Governor of Wisconsin