



Wisconsin Office of the
**COMMISSIONER
OF INSURANCE**

2023 SB 475 (LRB-4132/1)

Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

October 10, 2023

Mr. Richard Champagne
Acting Senate Chief Clerk
State Capitol
P.O. Box 7882
Madison, WI 53707

Mr. Ted Blazel
Assembly Chief Clerk
17 West Main Street
Room 401
Madison, WI 53703

Re: Social and Financial Impact Report—2023 Senate Bill 475—relating to prior authorization for coverage of physical therapy, occupational therapy, speech therapy, chiropractic services, and other services under health plans.

Dear Acting Chief Clerk Champagne and Chief Clerk Blazel:

Pursuant to Wis. Stat. § 601.423, the Office of the Commissioner of Insurance (OCI) is submitting a social and financial impact report on 2023 Senate Bill 475, relating to prior authorization for coverage of physical therapy, occupational therapy, speech therapy, chiropractic services, and other services under health plans.

Coverage Mandates

OCI has determined that 2023 Senate Bill 475 requires a social and financial impact report for the following reasons:

- (3.) 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.

SB 475

This bill requires and prohibits certain actions related to prior authorization of physical therapy and other health care services by certain health plans. Under the bill, when requested to reauthorize coverage, every health plan must issue a decision on reauthorization of coverage of a service for which prior authorization was previously obtained within 48 hours or prior authorization is assumed to be granted. Health plans are prohibited under the bill from requiring prior authorization for the first 12 physical therapy visits with no duration of care limitation or for any nonpharmacologic management of pain provided through care related to physical therapy provided to individuals with chronic pain for the first 90 days of treatment. The bill requires plans to reference the applicable policy and include an explanation to the physical therapy service provider and to the covered individual for a denial of coverage for or reduction in covered physical therapy services and to compensate physical therapy service providers as specified under the bill for data entry of clinical information that is required by a utilization review organization or utilization management organization acting on behalf of a plan. A plan must also impose copayment and coinsurance amounts on covered individuals for physical therapy services that are equivalent to copayment and coinsurance amounts imposed for primary care services under the plan.

The bill also requires every utilization review organization and utilization management organization that is providing review or management on behalf of a health plan to provide to any licensed health care provider, upon request, all medical evidence-based policy information that accompanies the algorithms that are used to

manage coverage and to operate and staff peer review activities with Wisconsin-licensed health care providers holding credentials for the type of service that is the subject of the review. The bill prohibits utilization review organizations and utilization management organizations from using claims data as evidence of outcomes for purposes of developing an algorithm to manage coverage or an approval policy for coverage. Health plans to which the above requirements and prohibitions apply are private health benefit plans and self-insured governmental health plans.

Additionally, the bill prohibits health care plans and self-insured governmental health plans from requiring prior authorization for coverage of any covered health care service that is incidental to a primary covered health care service and determined by the covered person's physician or other health care provider to be medically necessary and of any covered urgent health care service as defined in the bill.

Social Impact

The health insurance provisions outlined in the bill will affect Wisconsin consumers who utilize physical therapy and other health care services through fully insured or non-federal, governmental self-funded plans. OCI cannot determine how many of those enrollees will need or use physical therapy and other health care services.

The elimination of prior authorization for the first 12 physical therapy visits with no duration of care limitation or for any nonpharmacologic management of pain provided through care related to physical therapy provided to individuals with chronic pain for the first 90 days of treatment will likely lessen the cost-sharing expenses for those using these services. Enactment may increase the affordability of physical therapy and other health care services for most insured consumers with plans impacted by the bill.


Financial Impact

OCI is unable to quantify the degree to which newly mandated coverages of physical therapy and other health care services may impact health insurance premiums. Direct expenses for the enrollees utilizing the benefit should be less in most cases given the removal of the prior authorization requirement.

OCI is unable to determine the extent to which the additional mandates in the bill could increase administrative and claims costs or how the proposed requirements on insurers may impact premium costs for consumers and employers.

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

Respectfully submitted,



Nathan Houdek
Commissioner

Cc: The Honorable Tony Evers, Governor of Wisconsin