

July 22, 2025

Mr. Cyrus Anderson
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—2025 Senate Bill 373 & Assembly Bill 368—relating to prior authorization for coverage of physical therapy, occupational therapy, speech therapy, chiropractic services, and other services under health plans.

Dear Chief Clerks Anderson 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 2025 Senate Bill 373 & Assembly Bill 368, 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 2025 Senate Bill 373 & Assembly Bill 368 require a social and financial impact report for the following reason:

(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.

Senate Bill 373 & Assembly Bill 368

The bills require and prohibit certain actions related to prior authorization of physical therapy, occupational therapy, speech therapy, chiropractic services, and other health care services by certain health plans. Under the bills, health plans are prohibited from requiring prior authorization for the first 12 physical therapy, occupational therapy, speech therapy, or chiropractic visits with no duration of care limitation or for any physical therapy, occupational therapy, or chiropractic care for the nonpharmacologic management of chronic pain for the first 90 days of treatment, not to exceed a frequency of twice per week per service. Under the bills, “chronic pain” is defined to mean persistent or recurring pain lasting three months or longer. Further, the bills provide that every health plan, when requested to authorize coverage following completion of the initial 12 visits or subsequent to a request for reauthorization of coverage, shall issue a decision on reauthorization within three business days of receiving the request. If a health plan does not issue a decision on reauthorization within three business days of receiving the request, prior authorization is assumed to be granted for the service.

The bills require health plans that provide coverage of physical therapy services, occupational therapy services, speech therapy services, or chiropractic services to reference the applicable policy and include an explanation to the service provider and to the covered individual for any denial of coverage for or reduction in covered services and to impose copayment and coinsurance amounts on covered individuals for provided services that are equivalent to copayment and coinsurance amounts imposed for primary care services under the plan whenever copayment or coinsurance is required.

The bills also require every utilization review and management organization working on behalf of a health plan to provide to any licensed health care provider, upon request, all medical evidence-based policy information that are used to manage coverage. They also require health plans to operate peer review with Wisconsin-licensed health care providers holding credentials for the type of service that is the subject of the review. The bills prohibit utilization review and 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 bills prohibit health care plans and self-insured governmental health plans from requiring prior authorization for coverage of any covered service that is incidental to a covered surgical 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 bills. Current law prohibits health care plans and self-insured governmental health plans from requiring prior authorization for coverage of emergency medical services.

Social Impact

The health insurance provisions outlined in the bills 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 individuals 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 improve accessibility of physical therapy and other health care services for insured consumers with plans impacted by the bills.

Financial Impact

OCI is unable to quantify the degree to which newly mandated coverage of physical therapy and other health care services may impact health insurance premiums. Direct expenses for the enrollees utilizing the benefit may decrease.

OCI is unable to determine the extent to which the additional mandates in the bills 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) 267-9460 or Sarah.Smith2@wisconsin.gov if you have any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Nathan Houdek', written in a cursive style.

Nathan Houdek
Commissioner

Cc: The Honorable Tony Evers, Governor of Wisconsin