



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-0885/P1
TJD:kjf

DOA:.....Lessner, BB0288 - Short-term, limited duration plan regulation
FOR 2021-2023 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau

INSURANCE

Short-term plan coverage requirements

This bill generally sets certain coverage requirements on health plans that are short-term limited duration health plans. Under current law, short-term plans may have an initial term of no longer than 12 months and may have an aggregate duration of no longer than 18 months. This bill shortens the initial term to no longer than three months and the aggregate duration to no longer than six months.

This bill requires every short-term, limited duration plan to accept every individual who applies for coverage, whether the individual has a preexisting condition. Current law allows short-term limited duration plans to impose a preexisting condition exclusion but requires the plan to reduce the length of time of the exclusion by the aggregate duration of the insured's consecutive periods of coverage. A preexisting condition exclusion is a period of time during which a plan will not cover a medical condition that the insured received some medical attention for before the effective date of coverage. The bill, however, prohibits short-term, limited duration plans from imposing any preexisting condition exclusion.

A short-term, limited duration plan may not vary premium rates for a specific plan except on the basis of whether the plan covers an individual or family, area in the state, age, and tobacco use as specified in the bill. A short-term, limited duration plan is prohibited under the bill from establishing rules for the eligibility of any

individual to enroll based on health status-related factors, which are specified in the bill, and from requiring an enrollee to pay a greater premium, contribution, deductible, copayment, or coinsurance amount than is required of a similarly situated enrollee based on a health status-related factor. Under the bill, a short-term, limited duration plan may not establish lifetime or limits for the duration of the coverage on the dollar value of benefits for an enrollee or a dependent of an enrollee under the plan.

This proposal may contain a health insurance mandate requiring a social and financial impact report under s. 601.423, stats.

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

SECTION 1. 628.34 (3) (a) of the statutes is amended to read:

628.34 (3) (a) No insurer may unfairly discriminate among policyholders by charging different premiums or by offering different terms of coverage except on the basis of classifications related to the nature and the degree of the risk covered or the expenses involved, subject to ss. 632.365, 632.729, 632.746 ~~and~~, 632.748, and 632.7496. Rates are not unfairly discriminatory if they are averaged broadly among persons insured under a group, blanket or franchise policy, and terms are not unfairly discriminatory merely because they are more favorable than in a similar individual policy.

SECTION 2. 632.7495 (4) (b) of the statutes is amended to read:

632.7495 (4) (b) The coverage has a term of not more than ~~12~~ 3 months.

SECTION 3. 632.7495 (4) (c) of the statutes is amended to read:

632.7495 (4) (c) The coverage term aggregated with all consecutive periods of the insurer's coverage of the insured by individual health benefit plan coverage not required to be renewed under this subsection does not exceed ~~18~~ 6 months. For purposes of this paragraph, coverage periods are consecutive if there are no more than 63 days between the coverage periods.

SECTION 4. 632.7496 of the statutes is created to read:

632.7496 Coverage requirements for short-term plans. (1) DEFINITION.

In this section, “short-term, limited duration plan” means an individual health benefit plan described in s. 632.7495 (4) that an insurer is not required to renew.

(2) GUARANTEED ISSUE. Every short-term, limited duration plan shall accept every individual in this state who applies for coverage whether or not any individual has a preexisting condition.

(3) PROHIBITING DISCRIMINATION BASED ON HEALTH STATUS. (a) A short-term, limited duration plan may not establish rules for the eligibility of any individual to enroll, or for the continued eligibility of any individual to remain enrolled, under the plan based on any of the following health status-related factors in relation to the individual or a dependent of the individual:

1. Health status.
2. Medical condition, including both physical and mental illnesses.
3. Claims experience.
4. Receipt of health care.
5. Medical history.
6. Genetic information.
7. Evidence of insurability, including conditions arising out of acts of domestic violence.
8. Disability.

(b) A short-term, limited duration plan may not require any individual, as a condition of enrollment or continued enrollment under the plan, to pay, on the basis of any health status-related factor under par. (a) with respect to the individual or a dependent of the individual, a premium or contribution or a deductible, copayment,

or coinsurance amount that is greater than the premium or contribution or deductible, copayment, or coinsurance amount respectively for a similarly situated individual enrolled under the plan.

(4) PREMIUM RATE VARIATION. A short-term, limited duration plan may vary premium rates for a specific plan based only on the following considerations:

- (a) Whether the policy or plan covers an individual or a family.
- (b) Rating area in the state, as established by the commissioner.
- (c) Age, except that the rate may not vary by more than 3 to 1 for adults over the age groups and the age bands shall be consistent with recommendations of the National Association of Insurance Commissioners.

- (d) Tobacco use, except that the rate may not vary by more than 1.5 to 1.

(5) ANNUAL AND LIFETIME LIMITS. A short-term, limited duration plan may not establish any of the following:

- (a) Lifetime limits on the dollar value of benefits for an enrollee or a dependent of an enrollee under the plan.

- (b) Limits on the dollar value of benefits for an enrollee or a dependent of an enrollee under the plan for the initial or cumulative duration of the plan.

SECTION 5. 632.76 (2) (ac) 3. (intro.) of the statutes is amended to read:

632.76 **(2)** (ac) 3. (intro.) Except as the commissioner provides by rule under s. 632.7495 (5), all of the following apply to an individual disability insurance policy that is a short-term, limited duration policy subject to s. 632.7495 (4) and (5):

SECTION 6. 632.76 (2) (ac) 3. b. of the statutes is amended to read:

632.76 **(2)** (ac) 3. b. The policy ~~shall reduce the length of time during which a~~
~~may not impose any~~ preexisting condition exclusion ~~may be imposed by the~~
~~aggregate of the insured's consecutive periods of coverage under the insurer's~~

~~individual disability insurance policies that are short-term policies subject to s. 632.7495 (4) and (5). For purposes of this subd. 3. b., coverage periods are consecutive if there are no more than 63 days between the coverage periods.~~

(END)