

# INSURANCE

<b>Budget Summary</b>							
Fund	2022-23 Base Year Doubled	2023-25 Governor	2023-25 Jt. Finance	Joint Finance Change to:			
				Governor		Base	
				Amount	Percent	Amount	Percent
GPR	\$68,466,400	\$83,180,800	\$38,268,500	-\$44,912,300	- 54.0%	-\$30,197,900	- 44.1%
FED	331,533,600	380,066,500	421,731,500	41,665,000	11.0	90,197,900	27.2
PR	41,027,800	52,230,500	42,910,200	- 9,320,300	- 17.8	1,882,400	4.6
SEG	<u>125,994,800</u>	<u>126,096,400</u>	<u>126,096,400</u>	<u>0</u>	<u>0.0</u>	<u>101,600</u>	<u>0.1</u>
<b>TOTAL</b>	<b>\$567,022,600</b>	<b>\$641,574,200</b>	<b>\$629,006,600</b>	<b>-\$12,567,600</b>	<b>- 2.0%</b>	<b>\$61,984,000</b>	<b>10.9%</b>

<b>FTE Position Summary</b>					
Fund	2022-23 Base	2024-25 Governor	2024-25 Jt. Finance	Joint Finance Change to:	
				Governor	2022-23 Base
GPR	0.00	10.00	0.00	- 10.00	0.00
PR	124.15	151.65	129.15	- 22.50	5.00
SEG	<u>10.68</u>	<u>10.68</u>	<u>10.68</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>134.83</b>	<b>172.33</b>	<b>139.83</b>	<b>- 32.50</b>	<b>5.00</b>

## Budget Change Items

### Agency Operations and Current Programs

#### 1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 105]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	-\$169,600	-\$370,000	-\$539,600
SEG	<u>101,600</u>	<u>0</u>	<u>101,600</u>
<b>Total</b>	<b>-\$68,000</b>	<b>-\$370,000</b>	<b>-\$438,000</b>

**Governor:** Reduce funding by \$34,000 (-\$84,800 PR and \$50,800 SEG) annually to reflect the following standard budget adjustments: (a) -\$277,500 PR annually for turnover reduction; (b)

\$259,300 PR and \$53,500 SEG annually for full funding of continuing position salaries and fringe benefits; and (c) -\$66,600 PR and -\$2,700 SEG annually for full funding of lease and directed move costs.

**Joint Finance:** Increase the rate used to calculate turnover reduction from 3% to 5% for all appropriations subject to a 3% turnover rate. Reduce funding under the turnover reduction standard budget adjustment by \$185,000 PR annually.

**2. FINANCIAL AND MARKET REGULATION POSITIONS [LFB Paper 490]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance (Chg. to Gov)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
PR	\$1,631,900	10.00	-\$952,800	- 6.00	\$679,100	4.00

**Governor:** Provide \$699,400 in 2023-24 and \$932,500 in 2024-25 and 10.0 positions, beginning in 2023-24, to address increased workload and responsibilities relating to OCI's supervision of the insurance industry. Of the funding and positions that would be provided, 5.0 positions would be assigned to the Division of Market Regulation, which regulates the market conduct of insurance companies and agents to ensure compliance with insurance laws and rules. This includes investigating consumer complaints, providing consumer information, issuing agent licenses, and reviewing company underwriting and rating practices. The other 5.0 positions would be assigned to the Division of Financial Regulation, which oversees company licensing, financial analysis and examinations, and the solvency of insurers licensed to do business in Wisconsin. This includes conducting regular financial examinations of companies and issuing company licenses.

**Joint Finance:** Reduce funding by \$408,300 in 2023-24 and \$544,500 in 2024-25 and 6.0 positions, to provide a net increase of \$291,100 in 2023-24 and \$388,000 in 2024-25 and 4.0 insurance examiner positions. The resulting funding and positions increases would be distributed as follows: (a) \$214,800 in 2023-24 and \$286,400 in 2024-25, and 3.0 positions for the Division of Financial Regulation; (b) \$76,300 in 2023-24 and \$101,600 in 2024-25, and 1.0 position for the Division of Market Regulation.

**3. RESTORE FUNDING FOR AGENCY OPERATIONS**

PR	\$1,404,600
----	-------------

**Governor/Joint Finance:** Provide \$702,300 for OCI administrative functions, reflecting the net effect of the following two changes: (a) provide an increase of \$2,222,600 annually in OCI's general program operations appropriation; and (b) delete the interagency and intra-agency operations appropriation, along with base funding in that appropriation of \$1,520,300 annually.

The 2021-23 budget (Act 58) created an interagency and intra-agency PR appropriation in OCI for general program operations and made a non-recurring transfer of \$1,520,300 in each year of the biennium to that appropriation from the unencumbered revenue balance in OCI's PR appropriation for general program operations. In addition, Act 58 reduced funding in the general

program operations appropriation by \$2,222,600 annually. The result of these changes was a net reduction in program operations funding, in both appropriations combined, of \$702,300. This item would delete the interagency and intra-agency appropriation created by Act 58 and reverse the net funding reduction that resulted from that act.

#### 4. WISCONSIN HEALTHCARE STABILITY PLAN [LFB Paper 106]

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance (Chg. to Gov)</b>	<b>Net Change</b>
GPR	\$11,467,100	- \$41,665,000	- \$30,197,900
FED	<u>48,532,900</u>	<u>41,665,000</u>	<u>90,197,900</u>
Total	\$60,000,000	\$0	\$60,000,000

**Governor:** Provide \$30,000,000 (-\$12,499,700 GPR and \$42,499,700 FED) in 2023-24 and \$30,000,000 (\$23,966,800 GPR and \$6,033,200 FED) in 2024-25 to reflect estimated increases in total reinsurance payments under the Wisconsin healthcare stability plan (WHSP), from the base of \$200,000,000 annually to \$230,000,000 annually.

The following table shows the appropriation base and estimated funding for reinsurance payments in the 2023-25 biennium with these adjustments.

	<u>Base</u>	<u>Change to Base</u>		<u>Total Funding</u>	
		<u>2023-24</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2024-25</u>
GPR	\$34,233,200	-\$12,499,700	\$23,966,800	\$21,733,500	\$58,200,000
FED	<u>165,766,800</u>	<u>42,499,700</u>	<u>6,033,200</u>	<u>208,266,500</u>	<u>171,800,000</u>
Total	\$200,000,000	\$30,000,000	\$30,000,000	\$230,000,000	\$230,000,000

WHSP is a state-operated reinsurance program, supported with state and federal funding, that is intended to reduce premiums for health insurance policies sold in the individual market. Reinsurance payments reimburse insurers for a portion of the total annual claims for individuals with high costs. Each year, OCI establishes reinsurance payment parameters based on a total expenditure target. The 2021-23 budget act increased the statutory target from \$200,000,000 to \$230,000,000, beginning for the 2022 insurance plan year. Since the 2022 plan year reinsurance payments will be made in state fiscal year 2023-24, this item adjusts the GPR and FED appropriations to equal anticipated expenditures.

The reinsurance payments for the 2022 plan year will be made in 2023-24 with a combination of federal funds received for that plan year (\$181,902,400) and federal funds received for the 2021 plan year, but not needed for 2021 reinsurance payments (\$26,364,100). Since the federal funding for 2021 exceeded the total amount of reinsurance payments, the excess funding will be carried over to offset the state cost of making the 2022 payments. The Administration estimates that federal funds for the 2023 plan year will total \$171,800,000, so the bill would increase GPR funding in 2024-25 to equal the difference between the available federal funding and the anticipated reinsurance payment total.

**Joint Finance:** Decrease GPR funding by \$41,665,000 in 2024-25 and provide a corresponding increase in the FED appropriation for WHSP, to reflect the most recent estimate of federal pass-through funding that will be available for reinsurance payments for calendar year 2023 plans. On March 30, 2023, the federal Center for Consumer Information and Insurance Oversight provided notice that the state would receive \$213,464,988 for 2023, an increase of \$41,665,000 from the level assumed under the Governor's bill. The following table shows the revised estimate of state and federal shares of reinsurance payments under Joint Finance.

**Estimated Reinsurance Program Funding under Joint Finance**

	<u>Change to Governor</u>		<u>Total Funding</u>	
	<u>2023-24</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2024-25</u>
GPR	\$0	-\$41,665,000	\$21,733,500	\$16,535,000
FED	<u>0</u>	<u>41,665,000</u>	<u>208,266,500</u>	<u>213,465,000</u>
Total	\$0	\$0	\$230,000,000	\$230,000,000

**5. WISCONSIN HEALTHCARE STABILITY PLAN -- PROGRAM MANAGER POSITION**

	<u>Governor</u>		<u>Jt. Finance</u>		<u>Net Change</u>	
	<u>(Chg. to Base)</u>	<u>Funding Positions</u>	<u>(Chg. to Gov)</u>	<u>Funding Positions</u>	<u>Funding Positions</u>	<u>Funding Positions</u>
PR	\$249,400	1.00	-\$249,400	- 1.00	\$0	0.00

**Governor:** Provide \$106,900 in 2023-24 and \$142,500 in 2024-25 and 1.0 position, beginning in 2023-24, to establish a designated program manager for the Wisconsin healthcare stability plan program. According to the Administration, the program manager would oversee contract management, data analysis, and strategy development for the program.

**Joint Finance:** Provision not included.

**6. WISCONSIN HEALTH CARE STABILITY PLAN -- ADJUSTMENT OF TOTAL ANNUAL REINSURANCE PAYMENT** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

**7. BOARD ON AGING AND LONG-TERM CARE HELPLINE FUNDING TRANSFER** [LFB Paper 491]

	<u>Governor</u>	<u>Jt. Finance</u>	<u>Net Change</u>
	<u>(Chg. to Base)</u>	<u>(Chg. to Gov)</u>	
PR	\$148,700	-\$56,500	\$92,200

**Governor:** Provide \$71,800 in 2023-24 and \$76,900 in 2024-25 to reflect a reestimate of

the amount of insurance fee revenue that will be needed to fund telephone counseling services provided by the Board on Aging and Long-Term Care (BOALTC) for individuals seeking information on Medicare supplemental insurance policies ("Medigap" policies), Medicare Part D policies (policies that cover prescription drugs), and SeniorCare.

The BOALTC Helpline provides free one-on-one insurance counseling services to state residents over the age of 60. The Helpline is supported from two sources -- federal funds the state receives under the state health insurance assistance program (SHIP) and state insurance fee revenue budgeted as part of OCI's general program operations appropriation that OCI transfers to BOALTC. The BOALTC budget request includes funding to increase administrative support for the Helpline. OCI's request would provide the expenditure authority for making the Helpline transfer in an amount that equals BOALTC's proposed funding increase for the Helpline.

**Joint Finance:** Reduce funding by \$24,900 in 2023-24 and \$31,600 in 2024-25 to reflect a reestimate of the amount of funding needed to support OCI's share of the helpline.

**8. EQUITY OFFICER POSITION** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance (Chg. to Gov)</b>	<b>Net Change</b>
PR	\$83,600	- \$83,600	\$0

**9. FRAUDULENT INSURANCE ACTS**

	<b>Funding</b>	<b>Positions</b>
PR	\$246,100	1.00

**Joint Finance:** Provide 1.0 position for investigation of fraudulent insurance acts, beginning in 2023-24, and provide \$107,400 in 2023-24 and \$138,700 in 2024-25 to support the position. Establish a prohibition against fraudulent insurance acts, within current law statutory section related to OCI's general powers and duties. Specify, for the purposes of this provision, that a fraudulent insurance act includes knowingly presenting a false or fraudulent claim for payment of a loss or benefit or knowingly presenting false information in an application for insurance. Specify that, if based on an investigation, it has a reasonable basis to believe that a violation of laws involving theft, forgery, fraudulent writings, fraudulent data alteration, fraudulent insurance and employee benefit program claims, fraudulent destruction of certain writings, or any other criminal law has occurred, OCI may refer the results of an investigation to the Department of Justice or to the district attorney of the county in which the alleged violation occurred for prosecution.

## Drug Costs and Pricing

1. **OFFICE OF PRESCRIPTION DRUG AFFORDABILITY** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	3,854,100	16.0	-\$3,854,100	-16.00	\$0	0.00

2. **PRESCRIPTION DRUG AFFORDABILITY BOARD** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
3. **GENERIC PRESCRIPTION DRUG IMPORTATION PROGRAM** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
4. **INSULIN SAFETY NET PROGRAMS** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
5. **INSULIN COPAYMENT CAP** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
6. **VALUE-BASED DIABETES MEDICATION PILOT PROGRAM** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
7. **APPLICABILITY OF MANUFACTURER BRAND NAME DRUG REBATES TO DEDUCTIBLES AND OUT-OF-POCKET MAXIMUMS** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
8. **DRUG REIMBURSEMENT FOR CERTAIN ENTITIES UNDER FEDERAL 340B DRUG DISCOUNT PROGRAM** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

9. **LICENSURE OF PHARMACEUTICAL REPRESENTATIVES** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
10. **LICENSURE OF PHARMACY BENEFIT MANAGEMENT BROKERS AND CONSULTANTS** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
11. **LICENSURE OF PHARMACY SERVICES ADMINISTRATIVE ORGANIZATIONS** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
12. **FIDUCIARY DUTY AND DISCLOSURE REQUIREMENTS OF PHARMACY BENEFIT MANAGERS** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
13. **PRESCRIPTION DRUG PURCHASING ENTITY STUDY** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

### Health Insurance

1. **STATE-BASED HEALTH INSURANCE EXCHANGE** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance (Chg. to Gov)</b>		<b>Net Change</b>	
	<b>Funding Positions</b>		<b>Funding Positions</b>		<b>Funding Positions</b>	
GPR	\$2,247,300	10.00	-\$2,247,300	- 10.00	\$0	0.00
PR	<u>3,000,000</u>	<u>0.00</u>	<u>- 3,000,000</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
Total	\$5,247,300	10.00	-\$5,247,300	- 10.00	\$0	0.00

2. **PUBLIC OPTION HEALTH INSURANCE PLAN** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance (Chg. to Gov)</b>	<b>Net Change</b>
GPR	\$1,000,000	-\$1,000,000	\$0
PR	<u>1,000,000</u>	<u>- 1,000,000</u>	<u>0</u>
Total	\$2,000,000	-\$2,000,000	\$0

3. **HEALTH INSURANCE AND COVERAGE REQUIREMENTS** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
4. **SHORT-TERM, LIMITED DURATION HEALTH INSURANCE PLANS** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
5. **INSURER NETWORK ADEQUACY STANDARDS** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
6. **LIMITATIONS ON BALANCE BILLING AND COVERAGE RESTRICTIONS FOR CERTAIN OUT-OF-NETWORK MEDICAL SERVICES** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
7. **TELEHEALTH COVERAGE PARITY** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
8. **COVERAGE OF INFERTILITY SERVICES** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
9. **COVERAGE OF SUBSTANCE ABUSE COUNSELOR SERVICES** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*
10. **COVERAGE OF BEHAVIORAL HEALTH SERVICES PROVIDED BY A QUALIFIED TREATMENT TRAINEE** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*