

REFORMING INDIVIDUAL HEALTH INSURANCE

Allow a consumer to change the coverage terms of a policy at the time of renewal with the same carrier without any additional underwriting or new pre-existing condition exclusion.

Senator Kathleen Vinehout (D-Alma), a legislative leader on health insurance reform, wants to provide new protections for Wisconsinites forced to buy health insurance in the “non-group” or individual insurance market. Senator Vinehout is introducing a series of bills offering protections for farmers, owners of very small businesses and also consumers in the small group market. The legislation is especially helpful for farmers who are often trapped in the individual insurance market.

In the group and individual market Senator Vinehout proposes to require policies to cover unmarried adult children until age 27. In addition, under current law if a person loses group coverage but obtains new group coverage within 63 days they can apply their creditable pre-existing condition coverage to the 12 month exclusion period allowed by law. Senator Vinehout would change that to obtaining new group coverage within 90 days, a change that will benefit many small employers and employees.

Senator Vinehout’s bills will:

“These proposed reforms answer problems posed by many individual business and farm owners. WIB strongly supports this effort and we are grateful to Senator Vinehout for her leadership,” said Wayne Corey, WIB executive director.

Limit the pre-existing condition exclusion to one year. It is currently two years. When a consumer buys a new individual health insurance policy any claim during the “pre-existing condition exclusion” can be investigated as possibly stemming from a “pre-existing condition” that negates the claim. Reducing that period to one year is obviously to the advantage of the policy holder;

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Limit the pre-existing condition “look back” to one year. There currently is no limit on how far back an insurance carrier can investigate. Insurance carriers “look back” at health history before deciding whether to sell a policy and at what price.



Replace “prudent person” standards to “objective standard” for determining if a pre-existing condition was present when a consumer buys an individual health insurance policy. The “prudent person” standard, according to Senator Vinehout, “includes conditions that were never diagnosed but which exhibited symptoms for which an ordinary prudent person would have sought medical advice, care or treatment.” The “objective standard” allows consideration of only those conditions for which a consumer actually received medical advice, diagnosis or treatment prior to purchasing the policy.

Senator Kathleen Vinehout of Alma discusses health care reform proposals with WIB’s Wayne Corey.

**IMPORTANT STATE BUDGET
UPDATES AT WWW.WIBIZ.ORG**

AGRI-BUSINESS COALITION
Box 2135
Madison, WI 53701



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1ST QUARTER 2009

No expansion of sales tax **TOUGH STATE BUDGET** **PROCESS BEGINS**

Governor Doyle has proposed a \$62.7 billion state budget for the 2009-2011 biennium, a budget that actually reduces General Purpose Revenue spending by 5%. The budget would raise some taxes significantly. There is not, however, any expansion of the sales tax base.

Expansion of the sales tax base is the single biggest tax threat faced by the state's farmers and small business owners. WIB has lobbied vigorously for decades against adding the sales tax to business services and farm necessities. Farm and business owners are not out of the woods yet, however. The budget still must go through the Joint Committee on Finance and both houses of the legislature and there already is tremendous pressure to find new tax revenue to fund proposed cuts in social services, Division of Motor Vehicle offices and other government programs. Rural Wisconsin is especially hard hit by the proposed cuts.

The budget bill has several tax increases. \$311.8 million would be raised in the biennium through a new top personal income tax rate of 7.75% for individuals earning \$225,000 and couples earning \$300,000. The capitol gains exclusion would be cut from 60% to 40%, gaining \$95 million. The cigarette tax would be bumped 75 cents a package, adding \$290 million. A new tax on oil company profits would bring in \$272 million. "Combined reporting" on the tax liability of multi-state corporations is part of the separate budget repair bill for the 2007-2009 biennium.

HOW THE BUDGET PROCESS WORKS

Everything that would spend General Purpose Revenue must be in the state budget bill at the end of the legislative process. The bill is now with the legislature's Joint Committee on Finance which is holding hearings around the state. That process allows a tremendous amount of public input. Citizens testify on any section of the bill. WIB attends every hearing to get an understanding of what WIB members and the public are saying and what the legislators are hearing. WIB's website, WWW.WIBIZ.ORG has the hearing schedule and will post regular updates on the Finance Committee process.

After the Finance Committee, made up of 12 majority Democrats and 4 minority Republicans, reports out the budget bill in late May the bill goes to both houses for further action. It can be amended significantly during that process. Legislative leaders hope to pass the bill before June 30th so the new tax revenue and projected program cuts can take place for all or most of the first year of the biennium.

WHAT ELSE?

A large amount of the state's deficit will be covered by one-time economic stimulus funds from the federal government. The use of one-time funding is what got Wisconsin in our deep fiscal hole. This budget does little to correct that problem.

State employees, who have had very modest wage increases in recent years, would see no increase for two years under the Doyle budget. The "qualified economic offer" process that has restrained growth in teacher union contracts in recent years would be eliminated.

A statewide ban on smoking in public places would go into effect two months after the budget is signed into law.

The BadgerChoice program will be delayed and expansion of FamilyCare for ailing elderly will be slowed.

A new refundable jobs tax benefit program would provide up to a 10% tax credit on a portion of the wages for new employees hired by expanding businesses.

The reaction at the State Capitol was, as expected, negative. No one likes budget bills developed in difficult economic times. It is more fun to develop budgets in prosperous times and the governor's proposal clearly suggests the Doyle Administration does not expect an economic revival in 2009. Comments at their initial meetings suggested the majority Democrats on the Finance Committee are prepared to approve the governor's budget with only minor changes.

The budget process is likely to be contentious but not likely to last into late summer or early autumn. WIB's website, WWW.WIBIZ.ORG will feature regular updates on the process with a strong emphasis on how developments affect owners of independent businesses.