

Office of the Commissioner of Insurance: Marks end of successful Legislative Session focused on strengthening consumer protections

Posted on Monday, Apr 18, 2022

>> **WisPolitics is now on the State Affairs network. Get custom keyword notifications, bill tracking and all WisPolitics content. [Get the app or access via desktop.](#)**

Madison, Wis. — The Wisconsin State Legislature has concluded its work for the 2021-23 Legislative Session during which the Office of the Commissioner of Insurance (OCI) supported several important measures that were passed into law.

These new laws increase transparency in the prescription drug supply chain, strengthen data security measures, increase penalties for elder financial abuse, and ensure that a consumer's best interest is considered first in annuity sales.

"I've been glad to sign several bipartisan bills into law this session, including a bill based on our Task Force on Reducing Prescription Drug Prices' recommendations to help protect consumers and increase transparency and accountability in prescription drug pricing," said Governor Tony Evers. "Drug prices in our state and across the country have become irrational and unreasonable. Everyone should be able to afford their medications. Period. These bills are needed steps forward, and we will continue to work to reduce prescription drug prices and out-of-pocket expenses for Wisconsinites."

On March 26, 2021, Governor Evers signed [2021 Wisconsin Act 9](#) into law at a community clinic in Wausau. Act 9 created licensing and practice requirements for pharmacy benefit managers (PBMs). The new law requires a PBM doing business in Wisconsin to be licensed by OCI. The law also requires PBMs to submit annual

reports on the amount of rebates received from drug manufacturers and what percentage of those rebates were retained by the PBM rather than being passed on to consumers as cost savings. Under the law, OCI is authorized to require PBMs to submit reports or undergo examinations in order to prevent misconduct and protect consumers. Additionally, the law prohibits gag clauses that prevent pharmacists from informing patients about more affordable medication options.

“In an effort to improve prescription drug price transparency and accountability, Governor Evers’ Task Force on Reducing Prescription Drug Prices recommended increasing oversight of pharmacy benefit managers,” said Commissioner Houdek, who served as chair of the Task Force. “OCI has worked to successfully implement these new PBM regulatory requirements, and we will continue to utilize our authority to protect consumer access to affordable prescription drugs.”

In July of 2021, Governor Evers signed [2021 Wisconsin Act 73](#) into law to strengthen consumer data protections by imposing new information security requirements on the insurance industry. The law defines the security measures that Wisconsin insurance companies must take to protect consumer information. Under the new law, insurance companies must develop a cybersecurity program based on their individual risk assessment and notify policyholders and OCI of large data breaches. Act 73 is based on model legislation developed by the National Association of Insurance Commissioners (NAIC) incorporating input from other state insurance commissioners, industry stakeholders, and consumer representatives.

Governor Evers signed [2021 Wisconsin Act 114](#) into law in December 2021 which included several changes to insurance statutes. One important provision of Act 114 increases the forfeiture that OCI can impose for violations of insurance law that are targeted at a senior or adult at risk. If the violation specifically involves a consumer who is an adult at risk or an individual who is at least 60 years of age the Commissioner is authorized to require a forfeiture up to \$5,000 per violation.

To conclude the session, Governor Evers signed [2021 Wisconsin Act 260](#) into law in April 2022. Act 260 strengthens state law to ensure that before an annuity is sold, it is considered to be in the best interest of the consumer. Under this law, before a financial professional recommends an annuity to a consumer, they must first

disclose their role in the transaction and any material conflict of interest. Financial professionals are also required to document their recommendation and justification in writing to ensure that they made the recommendation to address the consumer's needs and objectives. This law provides additional consumer protections by creating a higher standard for selling annuities.

“Under the leadership of Governor Evers, we have implemented stronger consumer protections and taken important steps toward reducing the cost of prescription drugs during this legislative session,” said Commissioner Houdek. “These law changes will help ensure that Wisconsin continues to have a financially strong and competitive insurance market that provides important protections for consumers.”