



## 1999 SENATE BILL 400

February 23, 2000 - Introduced by Senators BAUMGART, SCHULTZ and GEORGE, cosponsored by Representatives MUSSER, J. LEHMAN, HASENOHRL, MEYERHOFER, RYBA, YOUNG, WAUKAU, BERCEAU, MILLER, GUNDERSON and GRONEMUS. Referred to Committee on Labor.

1     **AN ACT to renumber and amend** 40.51 (7); **to amend** 20.515 (1) (s), 40.51 (2),  
2             40.52 (4), 59.52 (11) (c), 66.184 and 66.186; and **to create** 40.02 (25) (b) 9m.,  
3             40.05 (4) (ae), 40.51 (2) (d), 40.51 (7) (c) and 66.183 of the statutes; **relating to:**  
4             providing health insurance coverage for certain local government employes and  
5             officers who have terminated local government employment.

---

### *Analysis by the Legislative Reference Bureau*

Under current law, a political subdivision (city, village, town or county) may provide health insurance coverage for its officers and employes. Cities and villages, under their home rule authority, may also provide such insurance to their retired employes or officers if the employes or officers pay the insurance premium.

Under this bill and subject to a number of conditions, a political subdivision may allow an eligible person, upon his or her retirement or disability, to continue to be covered indefinitely by an employer-sponsored hospital, medical or dental group insurance policy (health insurance) under which the person was covered immediately before his or her retirement. An "eligible person" is defined as an individual who, at the time of his or her retirement from employment by, or as an officer of, a political subdivision, is eligible to become an annuitant of the Wisconsin Retirement System (WRS) or to receive a disability from WRS.

Under the bill, the eligible person must pay the entire premium for the coverage, unless a collective bargaining agreement or a political subdivision's policy provides otherwise. A political subdivision may discontinue an eligible person's

**SENATE BILL 400**

health insurance if he or she does not pay the required premiums within the time period specified for such payments under federal law, generally within 30 days of the premium's due date.

The bill prohibits a political subdivision from segregating current employees and eligible persons into different groups for purposes of establishing premiums and coverage for health insurance, except that such segregation may occur with regard to eligible persons who are at least 65 years old and who are eligible for medicare.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

---

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

1           **SECTION 1.** 20.515 (1) (s) of the statutes is amended to read:

2           20.515 (1) (s) *Benefit and coverage payments; employers other than the state;*  
3 *retired employes.* All moneys received for health care coverage by the public employe  
4 trust fund from eligible employes, as defined in s. 40.02 (25) (b) 9m. and 11., and from  
5 employers, as defined in s. 40.02 (28), other than the state, and their employes  
6 electing to be included in health care coverage plans through a program offered by  
7 the group insurance board for payment of benefits and the costs of administering  
8 benefits under s. 40.51 (7) and (10). Estimated disbursements under this paragraph  
9 shall not be included in the schedule under s. 20.005.

10           **SECTION 2.** 40.02 (25) (b) 9m. of the statutes is created to read:

11           40.02 (25) (b) 9m. Any participant who terminated covered employment with  
12 an employer that had acted under s. 40.51 (7) to make health care coverage available  
13 to its employes, who has not attained the age of 65 years and who is an annuitant or  
14 is eligible for an immediate annuity but defers application;

15           **SECTION 3.** 40.05 (4) (ae) of the statutes is created to read:

**SENATE BILL 400**

1           40.05 (4) (ae) For health insurance, each eligible employe, as defined in s. 40.02  
2           (25) (b) 9m., who receives coverage under s. 40.51 (7) shall pay all required premiums  
3           that are not otherwise paid by the employe's former employer.

4           **SECTION 4.** 40.51 (2) of the statutes is amended to read:

5           40.51 (2) (a) Except as provided in subs. (10), (10m), (11) and (16), any eligible  
6           employe may become covered by group health insurance by electing coverage within  
7           30 days of being hired, to be effective as of the first day of the month which begins  
8           on or after the date the application is received by the employer, or by electing  
9           coverage prior to becoming eligible for employer contribution towards the premium  
10          cost as provided in s. 40.05 (4) (a) to be effective upon becoming eligible for employer  
11          contributions.

12          (b) An eligible employe who is not insured, but who is eligible for an employer  
13          contribution under s. 40.05 (4) (ag) 1., may elect coverage prior to becoming eligible  
14          for an employer contribution under s. 40.05 (4) (ag) 2., with the coverage to be  
15          effective upon becoming eligible for the increase in the employer contribution.

16          (c) Any employe who does not ~~so elect at one of these times~~ make an election  
17          at one of the times specified in par. (a) or (b), or who subsequently cancels the  
18          insurance, shall not thereafter become insured unless the employe furnishes  
19          evidence of insurability satisfactory to the insurer, at the employe's own expense or  
20          obtains coverage subject to contractual waiting periods. The method to be used shall  
21          be specified in the health insurance contract.

22          **SECTION 5.** 40.51 (2) (d) of the statutes is created to read:

23          40.51 (2) (d) This subsection does not apply to an eligible employe, as defined  
24          in s. 40.02 (25) (b) 9m., who is covered under sub. (7).

**SENATE BILL 400****SECTION 6**

1           **SECTION 6.** 40.51 (7) of the statutes is renumbered 40.51 (7) (a) and amended  
2 to read:

3           40.51 **(7)** (a) Any employer, other than the state, may offer to all of its employes  
4 and to eligible employees, as defined in s. 40.02 (25) (b) 9m., a health care coverage  
5 plan through a program offered by the group insurance board.

6           **(b)** Notwithstanding sub. (2) and ss. 40.05 (4) and 40.52 (1), but subject to par.  
7 (c), the department may by rule establish different eligibility standards or  
8 contribution requirements for such employes and employers and may by rule limit  
9 the categories of employers, other than the state, which may be included as  
10 participating employers under this subchapter.

11           **SECTION 7.** 40.51 (7) (c) of the statutes is created to read:

12           40.51 **(7)** (c) In establishing a health care coverage plan under this subsection,  
13 the department:

14           1. May not impose different requirements relating to evidence of insurability  
15 or preexisting conditions on eligible employees, as defined in s. 40.02 (25) (b) 9m., from  
16 those which it imposes on employees.

17           2. May not segregate employees and eligible employees, as defined in s. 40.02 (25)  
18 (b) 9m., into different groups for insurance coverage purposes.

19           3. Shall provide that any eligible employe, as defined in s. 40.02 (25) (b) 9m.,  
20 may not receive dependent coverage unless the employe received dependent  
21 coverage immediately before terminating employment with the employer.

22           4. Shall provide that any eligible employe, as defined in s. 40.02 (25) (b) 9m.,  
23 who receives dependent coverage may convert to individual coverage, but that any  
24 eligible employe, as defined in s. 40.02 (25) (b) 9m., who receives individual coverage  
25 may not convert to dependent coverage.

**SENATE BILL 400**

1           **SECTION 8.** 40.52 (4) of the statutes is amended to read:

2           40.52 (4) The group insurance board shall establish the terms of health  
3 insurance plans for eligible employes, as defined under s. 40.02 (25) (b) 9., 9m. and  
4 11., who elect coverage under s. 40.51 (7) or (10).

5           **SECTION 9.** 59.52 (11) (c) of the statutes is amended to read:

6           59.52 (11) (c) *Employee insurance.* Provide for individual or group hospital,  
7 surgical and life insurance for county officers and employes and for payment of  
8 premiums for such officers and employes. In addition, a county with at least 100  
9 employes may elect to provide health care benefits on a self-insured basis to its  
10 officers and employes, and any 2 or more counties which together have at least 100  
11 employes may jointly provide health care benefits on a self-insured basis to officers  
12 and employes of the counties. Counties which elect to provide health care benefits  
13 on a self-insured basis to their officers and employes shall be subject to the  
14 requirements set forth under s. 120.13 (2) (c) to (e) and (g). Any hospital or surgical  
15 insurance or self-insured health care benefits that are provided under this  
16 paragraph shall be subject to the requirements under s. 66.183.

17           **SECTION 10.** 66.183 of the statutes is created to read:

18           **66.183 Health insurance for retired governmental employes. (1)**

19           DEFINITIONS. In this section:

20           (a) “Eligible person” means an individual who, at the time of his or her  
21 retirement from employment by, or as an officer of, a political subdivision, is eligible  
22 to become an annuitant of the Wisconsin retirement system under ch. 40 or to receive  
23 disability payments from the Wisconsin retirement system under ch. 40.

24           (b) “Medicare” means coverage under both part A and part B of Title XVIII of  
25 the federal Social Security Act, 42 USC 1395 to 1395ggg.

**SENATE BILL 400****SECTION 10**

1 (c) “Political subdivision” means a city, village, town or county.

2 (2) CONTINUATION OF COVERAGE. (a) 1. Notwithstanding s. 632.897, and subject  
3 to par. (b) and to subds. 2. and 3., a political subdivision may allow an eligible person,  
4 upon his or her retirement or disability, to continue to be covered indefinitely by any  
5 employer-sponsored hospital, medical or dental group insurance policy under which  
6 the eligible person was covered immediately before his or her retirement or  
7 disability.

8 2. To obtain and maintain any coverage specified under subd. 1., the eligible  
9 person must pay the entire premium for the coverage, except as otherwise provided  
10 in an applicable collective bargaining agreement or a policy or ordinance of the  
11 political subdivision.

12 3. A political subdivision may discontinue any coverage specified under subd.  
13 1. if the eligible person is responsible for paying the premium for the coverage and  
14 he or she does not do so within the time period specified for payment of premiums  
15 under 42 USC 300bb-2 (2) (c).

16 (b) For purposes of establishing premiums and coverage under a hospital,  
17 medical or dental group insurance policy under this section, current employees and  
18 eligible persons may not be segregated into different groups, except that eligible  
19 persons who are 65 years of age or older and are eligible for and enrolled in medicare  
20 may be segregated into a separate group for those purposes.

21 **SECTION 11.** 66.184 of the statutes is amended to read:

22 **66.184 Self-insured health plans.** If a city, including a 1st class city, or a  
23 village provides health care benefits under its home rule power, or if a town provides  
24 health care benefits, to its officers and employees on a self-insured basis, the  
25 self-insured plan shall comply with ss. 49.493 (3) (d), 66.183, 631.89, 631.90, 631.93

**SENATE BILL 400**

1 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3), 632.85, 632.853, 632.855, 632.87 (4) and  
2 (5), 632.895 (9) to (13), 632.896, 767.25 (4m) (d), 767.51 (3m) (d) and 767.62 (4) (b) 4.

3 **SECTION 12.** 66.186 of the statutes is amended to read:

4 **66.186 Health insurance; first class cities.** The Subject to s. 66.183, the  
5 common council of any 1st class city may, by ordinance or resolution, provide for  
6 general hospital, surgical and group insurance for both active and retired city officers  
7 and city employes and their respective dependents and for payment of premiums  
8 therefor in private companies, or may, by ordinance or resolution, elect to offer to all  
9 of its employes a health care coverage plan through a program offered by the group  
10 insurance board under ch. 40. Municipalities which elect to participate under s.  
11 40.51 (7) shall be subject to the applicable sections of ch. 40 instead of this section.  
12 Contracts for such insurance may be entered into for active officers and employes  
13 separately from such contracts for retired officers and employes, but shall be subject  
14 to s. 66.183. Appropriations may be made for the purpose of financing such  
15 insurance. Moneys accruing to such fund, by investment or otherwise, shall not be  
16 diverted for any other purpose than those for which such fund was set up or to defray  
17 management expenses of such fund or to partially pay premiums so as to reduce costs  
18 to the city or to persons covered by such insurance, or both.

19 **SECTION 13. Initial applicability.**

20 (1) The treatment of section 66.183 of the statutes, to the extent that it affects  
21 an eligible person, as defined in section 66.183 (1) (a) of the statutes, who is affected  
22 by a collective bargaining agreement that contains provisions inconsistent with that  
23 treatment, first applies to such a person on the day on which the collective bargaining  
24 agreement expires or is extended, modified or renewed, whichever occurs first.

25 (END)