



2003 ASSEMBLY BILL 638

November 5, 2003 - Introduced by Representatives JESKEWITZ, HAHN, ALBERS, MUSSER, OWENS, TOWNSEND, OTT, SERATTI, HINES and BOYLE, cosponsored by Senators RISSER and ROESSLER. Referred to Joint Survey Committee on Retirement Systems.

1 **AN ACT** *to amend* 40.05 (4) (ad) and 40.51 (2); and *to create* 40.02 (25) (b) 5m.
2 of the statutes; **relating to:** payment of health insurance premiums for certain
3 annuitants under the Wisconsin Retirement System who become employed by
4 the state.

Analysis by the Legislative Reference Bureau

Under current law, a person who is an annuitant under the Wisconsin Retirement System (WRS) and who subsequently becomes employed by the state is not eligible for employer contributions toward the cost of health insurance coverage during the time that he or she is employed by the state unless the person first terminates his or her WRS annuity. This bill permits a person who is a WRS annuitant to become a state employee and become eligible for employer contributions toward the payment of the cost of health insurance coverage while employed by the state without having to terminate his or her WRS annuity. In order for the annuitant to become eligible for the employer contributions, the person's employer must agree at the time that the annuitant is hired by the state to make the employer contributions.

This bill will be referred to the Joint Survey Committee on Retirement Systems for a detailed analysis, which will be printed as an appendix to this bill.

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For further information see the *state* 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.** 40.02 (25) (b) 5m. of the statutes is created to read:

2 40.02 **(25)** (b) 5m. An annuitant who is employed by a state agency after
3 becoming an annuitant and who does not terminate his or her retirement annuity
4 under s. 40.26 and whose employer has agreed, in writing, at the time that the
5 annuitant is hired by the state to pay employer contributions towards the premium
6 costs of health insurance coverage under s. 40.05 (4) (ag).

7 **SECTION 2.** 40.05 (4) (ad) of the statutes is amended to read:

8 40.05 **(4)** (ad) For health insurance, each insured retired employee who elects
9 coverage under s. 40.51 (10), (10m) or (16) shall pay the entire amount of the required
10 premiums, except as provided in par. (bc). This paragraph shall not apply to an
11 eligible employee, as defined in s. 40.02 (25) (b) 5m.

12 **SECTION 3.** 40.51 (2) of the statutes is amended to read:

13 40.51 **(2)** Except as provided in subs. (10), (10m), (11) and (16), any eligible
14 employee may become covered by group health insurance by electing coverage within
15 30 days of being hired, to be effective as of the first day of the month which begins
16 on or after the date the application is received by the employer, or by electing
17 coverage prior to becoming eligible for employer contribution towards the premium
18 cost as provided in s. 40.05 (4) (a) to be effective upon becoming eligible for employer
19 contributions. An eligible employee who is not insured, but who is eligible for an
20 employer contribution under s. 40.05 (4) (ag) 1., may elect coverage prior to becoming
21 eligible for an employer contribution under s. 40.05 (4) (ag) 2., with the coverage to

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1 be effective upon becoming eligible for the increase in the employer contribution.
2 Any employee who does not so elect at one of these times, or who subsequently
3 cancels the insurance, shall not thereafter become insured unless the employee
4 furnishes evidence of insurability satisfactory to the insurer, at the employee's own
5 expense or obtains coverage subject to contractual waiting periods. The method to
6 be used shall be specified in the health insurance contract. This subsection shall
7 apply specifically to an eligible employee, as defined in s. 40.02 (25) (b) 5m., even if
8 that employee would otherwise be subject to subs. (10), (10m), or (16) or any
9 contractual waiting period applicable under subs. (10), (10m), or (16).

SECTION 4. Nonstatutory provisions.

11 (1) Notwithstanding section 40.51 (2) of the statutes, an eligible employee, as
12 defined in section 40.02 (25) (b) 5m. of the statutes, as created by this act, who is
13 employed by the state on the effective date of this subsection shall not be required
14 to elect coverage prior to becoming eligible for employer contributions towards the
15 premium costs of health insurance coverage if the employee elects the coverage
16 before the 90th day after the effective date of this subsection and if the employee's
17 employer agrees, in writing, to pay employer contributions towards the premium
18 costs of health insurance coverage under section 40.05 (4) (ag) of the statutes. Any
19 such election must be made by the employee in writing on an application form
20 provided by the department of employee trust funds and must be received by the
21 department of employee trust funds before the 90th day after the effective date of this
22 subsection. Coverage shall be effective on the first day of the month that begins after
23 the department receives a timely application under this subsection, unless on the
24 date that the application is received the employee is not yet eligible for employer
25 contributions towards the premium costs of health insurance coverage under section

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1 40.05 (4) (a) of the statutes and the employee has specified that the coverage is to
2 become effective upon becoming eligible for the employer contributions.

3 (END)