



1995 ASSEMBLY BILL 16

January 13, 1995 - Introduced by Representatives MUSSER, DOBYNS, HANSON, BOYLE, LEHMAN, SCHNEIDER, JOHNSRUD, LADWIG, OWENS, TURNER, HAHN, GARD, SILBAUGH, KREIBICH, VANDER LOOP and GRONEMUS, cosponsored by Senators ZIEN, RISSER, DRZEWIECKI, BRESKE, C. POTTER and ANDREA. Referred to Joint survey committee on Retirement Systems.

1 **AN ACT to amend** 40.02 (22) (f), 40.04 (10) and 40.05 (4) (b); and **to create** 20.515
2 (1) (b) and 40.05 (4) (bf) of the statutes; **relating to:** granting credit for the
3 payment of postretirement health insurance premiums under the state group
4 health insurance program for accumulated unused sick leave earned for service
5 in Wisconsin as a national guard technician prior to 1966 and making an
6 appropriation.

Analysis by the Legislative Reference Bureau

On January 1, 1966, a national guard technician who was employed in Wisconsin became a state employe and began to accrue sick leave under the state civil service system and retirement benefits under the Wisconsin retirement fund (WRF), a predecessor to the Wisconsin retirement system (WRS), for all state service performed on or after that date. A national guard technician, however, was not given sick leave credit for unused sick leave that he or she had accumulated before January 1, 1966, and was not given creditable service under WRF for service in Wisconsin as a national guard technician that was performed before that date. On October 17, 1971, a national guard technician was granted creditable service under WRF for all service in Wisconsin as a national guard technician that was performed before 1966, but was not given sick leave credit for unused sick leave that he or she had accumulated before 1966.

On July 1, 1972, each state employe who was covered under WRF and who was eligible for coverage under the state group health insurance program (state plan) gained the right to have his or her accumulated unused sick leave converted at the time of retirement, at his or her current basic pay rate, to credits for the payment of postretirement health insurance premiums under the state plan. Consequently, beginning on July 1, 1972, a national guard technician gained the right to convert

to postretirement health insurance credits only his or her unused sick leave that had accumulated for service performed on or after January 1, 1966.

This bill grants credit for the payment of postretirement health insurance premiums under the state plan to a current or former public employe who is eligible for coverage under the state plan or, if the employe is deceased, to the surviving dependents of the employe who are eligible for coverage under the state plan, at the employe's basic pay rate immediately prior to termination of all creditable service under WRS, for the accumulated unused sick leave earned by the employe for service performed in Wisconsin as a national guard technician prior to 1966, if all of the following apply:

1. The employe terminated all of his or her creditable service under WRS on or after July 1, 1972.

2. The employe or the employe's surviving insured dependents submit an application to the department of employe trust funds (DETF) within the first 6 months after the date on which the bill becomes law. The application must include evidence satisfactory to DETF to establish the applicant's rights under the bill and the amount of the accumulated unused sick leave that is eligible for the conversion.

Under the bill, the sick leave is converted to credits at the time of retirement if the eligible employe is employed in a position covered under WRS on the date on which the bill becomes law, or on the last day of the 2nd month beginning after the date on which DETF receives the application for the conversion if the eligible employe has terminated all creditable service before the date on which the bill becomes law.

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 the bill.

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.** 20.515 (1) (b) of the statutes is created to read:

2 20.515 (1) (b) *Health insurance payments for certain retired state employes.* A
3 sum sufficient to reimburse the accumulated sick leave conversion account under s.
4 40.04 (10), for the payment of benefits authorized under s. 40.05 (4) (bf).

5 **SECTION 2.** 40.02 (22) (f) of the statutes is amended to read:

6 40.02 (22) (f) Does not mean credits for payment of health insurance premiums
7 converted from accumulated unused sick leave for a participating employe who
8 qualifies for a disability benefit under s. 40.63 or 40.65, and who qualifies for the

1 conversion of accumulated unused sick leave under s. 40.05 (4) (b) ~~or~~, (bc) or (bf) or
2 as provided by a participating employer's compensation plan or contract.

3 **SECTION 3.** 40.04 (10) of the statutes is amended to read:

4 40.04 (10) An accumulated sick leave conversion account shall be maintained
5 within the fund, to which shall be credited all money received under s. 40.05 (4) (b),
6 (bc), (bf) and (bm) for health insurance premiums, as dividends or premium credits
7 arising from the operation of health insurance plans and from investment income on
8 any reserves established in the fund for health insurance purposes for retired
9 employes and their surviving dependents. Premium payments to health insurers
10 authorized in s. 40.05 (4) (b), (bc), (bf) and (bm) shall be charged to this account. The
11 department shall separately account for premium payments authorized under s.
12 40.05 (4) (bf) for purposes of reimbursement from the appropriation under s. 20.515
13 (1) (b). This subsection does not prohibit the direct payment of premiums to insurers
14 when appropriate administrative procedures have been established for direct
15 payments.

16 **SECTION 4.** 40.05 (4) (b) of the statutes is amended to read:

17 40.05 (4) (b) Except as provided under pars. (bc) and (bp), accumulated unused
18 sick leave under ss. 13.121 (4), 36.30, 230.35 (2) and 757.02 (5) and subch. V of ch.
19 111 of any eligible employe shall, at the time of death, upon qualifying for an
20 immediate annuity or for a lump sum payment under s. 40.25 (1) or upon termination
21 of creditable service and qualifying as an eligible employe under s. 40.02 (25) (b) 6.
22 or 10., be converted, at the employe's current basic pay rate, to credits for payment
23 of health insurance premiums on behalf of the employe or the employe's surviving
24 insured dependents. The full premium for any eligible employe who is insured at the
25 time of retirement, or for the surviving insured dependents of an eligible employe

1 who is deceased, shall be deducted from the credits until the credits are exhausted
2 and paid from the account under s. 40.04 (10), and then deducted from annuity
3 payments, if the annuity is sufficient. The department shall provide for the direct
4 payment of premiums by the insured to the insurer if the premium to be withheld
5 exceeds the annuity payment. Except as provided in par. (bd), upon conversion of an
6 employe's unused sick leave to credits under this paragraph or par. (bf), the employe
7 or, if the employe is deceased, the employe's surviving insured dependents may elect
8 to delay initiation of deductions from those credits for up to 10 years after the date
9 of the conversion if the employe or surviving insured dependents are covered by a
10 comparable health insurance plan or policy during the period beginning on the date
11 of the conversion and ending on the last day of the 2nd month after the date on which
12 the employe or surviving insured dependents later elect to initiate deductions from
13 those credits. A health insurance plan or policy is considered comparable if it
14 provides hospital and medical benefits that are substantially equivalent to the
15 standard health insurance plan established under s. 40.52 (1).

16 **SECTION 5.** 40.05 (4) (bf) of the statutes is created to read:

17 40.05 (4) (bf) Any eligible employe who was granted credit under s. 230.35 (1)
18 (gm) for service as a national guard technician, who, on December 31, 1965, had
19 accumulated unused sick leave that was based on service performed in this state as
20 a national guard technician before January 1, 1966, and who is a participating
21 employe or terminated all creditable service after June 30, 1972, or, if the eligible
22 employe is deceased, the surviving insured dependents of the eligible employe, may
23 have that accumulated unused sick leave converted to credits for the payment of
24 health insurance premiums on behalf of the eligible employe or the surviving insured
25 dependents if, not later than the last day of the 6th month beginning after the

1 effective date of this paragraph [revisor inserts date], the eligible employe or the
2 surviving insured dependents submit to the department, on a form provided by the
3 department, an application for the conversion. The application shall include
4 evidence satisfactory to the department to establish the applicant's rights under this
5 paragraph and the amount of the accumulated unused sick leave that is eligible for
6 the conversion. The accumulated unused sick leave shall be converted under this
7 paragraph, at the eligible employe's basic pay rate immediately prior to termination
8 of all creditable service, on the date of conversion specified in par. (b) or on the last
9 day of the 2nd month beginning after the date on which the department receives the
10 application under this paragraph, whichever is later. Deductions from those credits,
11 elections to delay initiation of those deductions and premium payments shall be
12 made as provided in par. (b).

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(END)