AN ACT to repeal 40.70 (6) (b) and 40.70 (7); to renumber and amend 40.70 (6) (a); to amend 40.02 (39), 40.05 (6) (b) and (d), 40.05 (6) (e), 40.51 (2), 40.70 (1) (a) and (b) and (3), 40.70 (8), 40.72 (1) and 40.72 (8) and (10); to repeal and recreate 40.70 (2), (4) and (5) and 40.72 (4); and to create 40.72 (3m) and 40.72 (4g) and (4r) of the statutes, relating to: the coverage of public employes under the group life and health insurance programs and allowing certain public employes to continue group life insurance coverage after terminating employment and to convert the value of postretirement life insurance to pay for health or long–term care insurance.

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

SECTION 1. 40.02 (39) of the statutes is amended to read:

40.02 (39) “Insured employe” means, for purposes of each insurance benefit plan, any eligible employe who is currently covered by properly enrolled in the benefit plan by virtue of having elected (or not having waived) coverage.

SECTION 2. 40.05 (6) (b) and (d) of the statutes are amended to read:

40.05 (6) (b) Beginning with the month in which an insured employe attains age 70 or an annuitant attains the age of 65, no withholdings from the employe’s earnings shall or annuity may be made under this subsection.

(d) Except as provided under par. (c), the premium payment for any insured employe under age 65 who is retired and who is otherwise eligible shall continue to be covered and the premium payment whose eligibility for continued coverage is based on s. 40.72 (4) shall be deducted from the appropriate annuity payroll as authorized by s. 40.08 (2), if the annuity is sufficient, or such as the employe shall continue to be covered if he or she makes may make direct payments to continue insurance coverage or if the employe’s employer pays may pay, on behalf of the employe, the premium payment according to procedures established by the department.

SECTION 3. 40.05 (6) (e) of the statutes is amended to read:

40.05 (6) (e) Each employer shall contribute toward the payment of premiums under this section an amount which, together with the employe’s contribution, will equal the gross monthly premium determined by the group insurance board for the employe’s insurance and any employer may pay for all employes any part or all of the premium required to be paid by employes under par. (a). If an employer elects to pay the entire premium for all of its employes for one or more of the types of insurance coverage established under s. 40.03 (6) (b) or 40.70 (3), the department shall be notified in writing and any previously filed waivers of that type of coverage for the employes then under 70 shall be revoked a resolution shall be filed with the department. Applications shall be filed and premiums paid for any eligible employes, including those not previously insured under coverage selected by the employer, effective the first day of the month following receipt of the notification resolution or the effective date of the election, whichever is later, and full payment of premiums for the employes shall be initiated beginning on the date the election becomes effective. Any waivers filed by a person previously employed who is hired subsequently by an employer paying the entire premium for all of its employes for the type of coverage waived shall be revoked effective on the subsequent date of hire due the department pursuant to the con-
tractual requirements between the group insurance board and the insurer. If an employer elects to pay the entire premium for a portion of its employes, notice is not required and previously filed waives cancellations are not revoked.

Section 3m. 40.51 (2) of the statutes, as affected by 1989 Wisconsin Act 31, is amended to read:

40.51 (2) Except as provided in subs. (10) and (11), any eligible employe may become covered by group health insurance by electing coverage within 30 days of being hired, to be effective as of the first day of the month which begins on or after the date the application is received by the employer, or by electing coverage prior to becoming eligible for employer contribution towards the premium cost as provided in s. 40.05 (4) (a) to be effective upon becoming eligible for employer contributions. Any employe who does not so elect at one of these times, or who subsequently cancels the insurance, shall not thereafter become insured unless the employe furnishes evidence of insurability satisfactory to the insurer, at the employe’s own expense or obtains coverage subject to contractual waiting periods. The method to be used shall be specified in the health insurance contract.

Section 4. 40.70 (1) (a) and (b) and (3) of the statutes are amended to read:

40.70 (1) (a) The employer is a participating employer under the Wisconsin retirement system and was included in the group life insurance program by s. 40.20 (5m), 1979 stats., or the governing body of which the employer has adopted a resolution in a form prescribed by the department to make coverage available to its employes or is the state. Coverage may also be extended by rule to employes under other retirement systems if the employer adopts a resolution as specified in this paragraph. A certified copy of the resolution shall be filed with the department and if received on or before November 15 in any year shall be effective as of the beginning of the ensuing calendar year. The resolution takes effect on the first day of the 4th month beginning after the date of filing. An employer may provide group life insurance for its employes through separate contracts in addition to, or in lieu of, the group life insurance provided by the department under this subchapter.

(b) The employe does not execute and file an application with the department, to be effective on a date fixed by rule of the department, for one or more of the types of coverage established under sub. (3) or s. 40.72 (10) this subchapter. The group insurance board may provide a different method of enrollment than provided under this subsection.

(3) Any employer may elect by resolution adopted under sub. (1) (a) to provide only the coverage provided under s. 40.72 (2), (3) or (10) this subchapter or provided by contract or may identify in the resolution only specified coverages that are authorized by contract to be offered separately. Employes may waive file an application under sub. (1) (b) any type of coverage made available as an option to employers without waiving other types of coverage for the amount of coverage provided under s. 40.72 (1) and for any other coverage offered by their employer. The department shall determine the method of administration and the procedure for collection of premiums and employer costs.

Section 5. 40.70 (2), (4) and (5) of the statutes are repealed and recreated to read:

40.70 (2) A resolution adopted under sub. (1) (a) takes effect only if the department determines that at least 50% of the eligible employes of that employer will be covered at the time that the resolution is effective. The department’s determination shall be based on the employer’s prior year-end report of the number of employes participating in the Wisconsin retirement system or, if the employer was not a participating employer in the prior year, on the number of employes who, on or before the 15th day of the month immediately preceding the effective date of the resolution, have applied for group life insurance coverage under this subchapter. If the department nullifies a resolution based on insufficient participation, the employer may not file another resolution under sub. (1) (a) during the first 6 months after the date of the previous filing.

(4) (a) The governing body of any employer may do any of the following:

1. Change the coverage that it makes available to its employes under s. 40.72 (2) or (3) by adopting an amended resolution and filing a certified copy of the amended resolution with the department.

2. Withdraw from making coverage under this subchapter available to its employes by adopting a withdrawal resolution and filing a certified copy of the withdrawal resolution with the department.

3. Nullify its amended resolution or withdrawal resolution at any time before it becomes effective by adopting a nullifying resolution and filing a certified copy of the nullifying resolution with the department.

(b) Except as provided in sub. (5), amended resolutions and withdrawal resolutions take effect on the first day of the 4th month beginning after the date of filing. Nullifying resolutions take effect on the date of filing.

(c) If a withdrawal resolution becomes effective, the employer may not file another resolution under sub. (1) (a) during the first 12 months after the effective date of the withdrawal resolution.

(5) The department may accept or reject an amended resolution, or a resolution under sub. (1) (a) that is filed after the employer’s withdrawal resolution becomes effective, and may charge the employer for any postreirement insurance liability.
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Section 6. 40.70 (6) (a) of the statutes is renumbered 40.70 (6) and amended to read:

40.70 (6) Any employe who has filed a waiver not applied for coverage under sub. (1), within 6 months after becoming eligible for coverage or any employe whose insurance terminates under sub. (8) shall not thereafter become insured for the that coverage waived unless prior to the attainment of age 50 55 the furnish furnishes evidence of insurability satisfactory to the insurer, at his or her own expense. If the evidence is approved, the employe shall become insured from the date of first day of the month commencing after the approval.

Section 7. 40.70 (6) (b) of the statutes, as affected by 1989 Wisconsin Act 13, is repealed.

Section 8. 40.70 (7) of the statutes is repealed.

Section 9. 40.70 (8) of the statutes is amended to read:

40.70 (8) An insured employe may at any time cancel the one or more of the types of life insurance coverage provided under this subchapter by filing a waiver of coverage cancellation form with the employing office. An insured retired employe may at any time cancel the life insurance by filing a waiver of coverage with the office of the retirement system. The waiver cancellation form shall be transmitted immediately to the department. The waiver cancellation shall be effective and the insurance shall cease at the end of the calendar month which begins after the waiver cancellation form is received by the appropriate office.

Section 10. 40.72 (1) of the statutes is amended to read:

40.72 (1) Except as provided in sub. (2), (3), (3m), (8) or (10), the amount of group life insurance of an insured employe under age 70 shall be $1,000 of insurance for each $1,000 or part of $1,000 of the employe’s annual earnings during the prior calendar year, notwithstanding any limitation of amount that may otherwise be provided by law. For persons covered initially the earnings shall be a projection on an annual basis of the compensation at the time of coverage until the date determined by the group insurance board for establishing new annual amounts of insurance.

Section 11. 40.72 (3m) of the statutes is created to read:

40.72 (3m) The group insurance board may, by contract, limit the amount of group life insurance for any insured employe who becomes insured by electing coverage under s. 40.70 (6).

Section 12. 40.72 (4) of the statutes is repealed and recreated to read:

40.72 (4) The amount of life insurance for any insured employe who was either employed before January 1, 1990, or who has been covered under the group life insurance plan in at least 5 calendar years after 1989, who terminates employment shall be the same as if the employe had not terminated employment and earnings had continued at the same amount as at the time of termination, except as provided in subs. (2) and (3) and s. 40.70 (3), if any of the following applies on the date of termination:

(a) The employe meets all of the requirements for receiving an immediate annuity except the filing of an application.

(b) The sum of either the employe’s creditable service on January 1, 1990, or the employe’s number of years of service with the participating employer by whom the employe was employed immediately before termination, and the number of calendar years after 1989 in which the employe has been covered under the group life insurance plan equals at least 20 years.

Section 13. 40.72 (4g) and (4r) of the statutes are created to read:

40.72 (4g) Any individual who became an employe of the state under chapter 90, laws of 1973, section 546, as affected by chapter 333, laws of 1973, section 189b, may use service as a member of the Milwaukee county employee’s retirement system to meet any service requirements under this subchapter.

(4r) At any time after an insured employe’s amount of life insurance is reduced under subs. (2) and (3) and life insurance premiums are no longer required under s. 40.05 (6) (b), the employe may convert the present value of the life insurance to pay the premiums for health or long-term care insurance provided under subch. IV, but only if the department determines that the value of the conversion is exempt from taxation under the federal internal revenue code.

Section 14. 40.72 (8) and (10) of the statutes are amended to read:

40.72 (8) The life insurance in effect during the previous year shall not be reduced during subsequent consecutive years of eligible employment with the same employer unless the employe elects to have the amount of life insurance recomputed under subs. (1) to (3) or waives cancels coverage. The election shall be made under rules promulgated procedures established by the department. This subsection is subject to the limitations of subs. (2) and (3).

(10) Each insured state employe, and each insured employe to whom this subsection applies by an election under s. 40.70 (3), who is under 70 years of age, or 65 years of age if retired, shall be provided an amount of group life insurance in addition to that provided under sub. (1) equal to 100% of the employe’s earnings rounded to the next higher $1,000, if earnings are not in even $1,000 increments. The employe may waive cancel, in accord with the procedures specified by s. 40.70 either all or all except an the amount equal to 50% of the employe’s earnings (rounded to the next higher $1,000 if earnings are not in even $1,000 increments) of the additional insurance provided under this subsection. The employe may waive the amount of insurance otherwise...
provided without waiving the amounts provided by this subsection.

Section 15. Nonstatutory provisions; study. The group insurance board shall study the feasibility of and the rationale for establishing a postretirement life insurance benefit formula under section 40.72 (2) and (3) of the statutes that is based on the length of creditable service under the Wisconsin retirement system or the length of coverage under the group life insurance plan, and shall report its findings and recommendations to the retirement research committee no later than December 31, 1990.