



1995 ASSEMBLY BILL 1016

March 13, 1996 - Introduced by Representatives ROBSON, KUNICKI, WILDER, RYBA, WIRCH, R. YOUNG, BALDWIN, DUEHOLM, BOYLE, PLACHE, KREUSER, GRONEMUS, HASENOHRL, PLOMBON, NOTESTEIN, SPRINGER, MORRIS-TATUM, LA FAVE, CARPENTER, L. YOUNG, R. POTTER, SCHNEIDER, BELL, WILLIAMS, BAUMGART, HUBLER, CULLEN, RILEY, REYNOLDS, MURAT, HANSON, KRUG, COGGS, BLACK and TRAVIS, cosponsored by Senators CLAUSING, MOEN, CHVALA, WINEKE and BURKE. Referred to Committee on Insurance, Securities and Corporate Policy.

1 **AN ACT to amend** 15.07 (4), 40.02 (26) (intro.), 40.02 (28), 40.03 (2) (ig), 628.36
2 (4) (b) 1., 628.36 (4) (b) 2. and 628.36 (4) (b) 3.; and **to create** 15.07 (1) (b) 22.,
3 15.165 (5), 40.03 (6) (k) and subchapter XI of chapter 40 [precedes 40.98] of the
4 statutes; **relating to:** the purchase of health care coverage by private
5 employers through a program offered by the group insurance board, creating
6 a private employer health care coverage board and granting rule-making
7 authority.

Analysis by the Legislative Reference Bureau

Under current law, the group insurance board (GIB), attached to the department of employe trust funds (DETF), is required to contract on behalf of the state for the purpose of providing health care coverage to state employes. Many other public employers may also participate in programs offered by GIB to provide health care coverage for their employes.

This bill authorizes GIB to enter into contracts on behalf of private employers for the purpose of providing health care coverage to their employes through a program offered by GIB. In order to participate in this program, a private employer must provide health care coverage under the program to all of its employes who have a normal work week of 30 or more hours. The bill also creates a private employer health care coverage board (PEHCCB), attached to DETF. Under the bill, PEHCCB is required to advise GIB on the design of the health care coverage plan for private employers and GIB may not promulgate any rule relating to the plan unless 4 members of PEHCCB approve the rule.

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.** 15.07 (1) (b) 22. of the statutes is created to read:

2 15.07 (1) (b) 22. Private employer health care coverage board.

3 **SECTION 2.** 15.07 (4) of the statutes is amended to read:

4 15.07 (4) QUORUM. A majority of the membership of a board constitutes a
5 quorum to do business and, unless a more restrictive provision is adopted by the
6 board, a majority of a quorum may act in any matter within the jurisdiction of the
7 board. This subsection does not apply to actions of the ethics board or the school
8 district boundary appeal board as provided in ss. 19.47 (4) and 117.05 (2) (a). This
9 subsection does not apply to actions of the private employer health care coverage
10 board as provided in s. 40.98 (6r).

11 **SECTION 3.** 15.165 (5) of the statutes is created to read:

12 15.165 (5) PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD. (a) There is created
13 in the department of employe trust funds a private employer health care coverage
14 board consisting of the following members nominated by the governor, and with the
15 advice and consent of the senate appointed, for 3-year terms:

16 1. Three members who are employes who receive health care coverage under
17 subch. XI of ch. 40, but at least one employe shall be employed by an employer who
18 employs 25 or fewer employes.

19 2. Three members who are employers that offer health care coverage under
20 subch. XI of ch. 40, but at least one employer shall employ 25 or fewer employes.

1 3. One member who is an actuary, but who is not an insurer or an employe of
2 an insurer.

3 (b) The actuary appointed under par. (a) shall be a nonvoting member.

4 **SECTION 4.** 40.02 (26) (intro.) of the statutes is amended to read:

5 40.02 **(26)** (intro.) “Employe” means any person who receives earnings as
6 payment for personal services rendered for the benefit of any employer including
7 officers of the employer, except as provided in subch. XI. An employe is deemed to
8 have separated from the service of an employer at the end of the day on which the
9 employe last performed services for the employer, or, if later, the day on which the
10 employe–employer relationship is terminated because of the expiration or
11 termination of leave without pay, sick leave, vacation or other leave of absence. A
12 person shall not be considered an employe if a person:

13 **SECTION 5.** 40.02 (28) of the statutes is amended to read:

14 40.02 **(28)** “Employer” means the state, including each state agency, any county,
15 city, village, town, school district, other governmental unit or instrumentality of 2 or
16 more units of government now existing or hereafter created within the state and any
17 federated public library system established under s. 43.19 whose territory lies within
18 a single county with a population of 500,000 or more, except as provided under ss.
19 40.51 (7) and 40.61 (3) and subch. XI, or a local exposition district created under
20 subch. II of ch. 229. Each employer shall be a separate legal jurisdiction for OASDHI
21 purposes.

22 **SECTION 6.** 40.03 (2) (ig) of the statutes is amended to read:

23 40.03 **(2)** (ig) Shall promulgate, with the approval of the group insurance board,
24 all rules required for the administration of the group health, long–term care, income
25 continuation or life insurance plans established under subchs. IV to VI and XI.

1 because of the expiration or termination of leave without pay, sick leave, vacation or
2 other leave of absence. A person shall not be considered an employe if a person:

3 1. Is employed under a contract involving the furnishing of more than personal
4 services.

5 2. Is customarily engaged in an independently established trade, business or
6 profession providing the same type of services to more than one employer and whose
7 services to an employer are not compensated for on a payroll of that employer.

8 3. Is a patient or inmate of a hospital, home or institution and performs services
9 in the hospital, home or institution.

10 (b) "Employer" means any person doing business or operating an organization
11 in this state other than the state, including each state agency, and any county, city,
12 village, town, school district, other governmental unit or instrumentality of 2 or more
13 units of government.

14 (c) "Federal metropolitan statistical area" means an area defined by the federal
15 office of management and budget under 44 USC 3504 (d) (3) as a metropolitan
16 statistical area or a primary metropolitan statistical area.

17 **(2)** (a) Subject to pars. (b) and (c), any employer may offer to all of its employes
18 a health care coverage plan through a program offered by the group insurance board.
19 The department may, by rule, establish eligibility standards or contribution
20 requirements for such employes and employers and may, by rule, limit the category
21 of employers allowed to be included in any program available under this subchapter.
22 The department may not require an employer to contribute more than 50% of the cost
23 of an employe's health care coverage offered under this subchapter.

24 (b) An employer who participates in a program offered by the group insurance
25 board under par. (a) shall offer health care coverage under that program to all of its

1 employees who have a normal work week of 30 or more hours, but may offer that
2 coverage to its employees who have a normal work week of fewer than 30 hours.

3 (c) An employer who participates in a program offered by the group insurance
4 board under par. (a) shall make any premium payments for the health care coverage
5 of the employer's employees directly to the insurer providing the coverage.

6 (3) The department shall make available to employers who participate in a
7 health care coverage plan under sub. (2) information that describes any grievance
8 procedure that may be available to any employee who receives health care coverage
9 under sub. (2).

10 (4) The private employer health care coverage board shall advise the group
11 insurance board on health care issues affecting private employers and shall
12 recommend to the group insurance board the design for a uniform benefit structure
13 for the health care coverage plans under sub. (2).

14 (5m) The department shall, by rule, define "community" for purposes of the
15 definition of "community rate" under sub. (1) (a). The department may not define
16 "community" as a geographical area that includes less than an entire federal
17 metropolitan statistical area or an entire county, whichever is larger.

18 (5r) (a) Except as provided in par. (b), an insurer who participates in a program
19 under this subchapter shall charge a community rate for coverage under a health
20 care coverage plan under this subchapter.

21 (b) The department may, by rule, modify the community rate under par. (a) by
22 taking into account any of the following factors:

- 23 1. The insured's age.
- 24 2. Whether the insured's coverage is single or a type of family coverage.
- 25 3. The insured's gender.

1 (c) If an insurer raises a community rate for a health care coverage plan, the
2 insurer shall raise all community rates for that health care coverage plan and for all
3 other health care coverage plans offered by the insurer under this subchapter by the
4 same percentage.

5 **(6m)** (a) The group insurance board shall solicit widely throughout the state
6 bids from insurers, who provide health maintenance organization health care plans,
7 preferred provider plans and standard plans, as defined in s. 609.01 (7), to offer the
8 health care coverage plans under this subchapter.

9 (b) Subject to par. (c), the group insurance board shall require that in every area
10 of the state each health care coverage plan offered under this subchapter include at
11 least 2 health maintenance organization health care plans, 2 preferred provider
12 plans and a standard plan, as defined in s. 609.01 (7).

13 (c) The department may, by rule, establish standards that permit the group
14 insurance board to waive the requirements under par. (b) if the group insurance
15 board determines that at least 2 health maintenance organization health care plans,
16 2 preferred provider plans or a standard plan, as defined in s. 609.01 (7), are not
17 available in every area of the state.

18 **(6r)** No rule may be promulgated under this subchapter unless the private
19 employer health care coverage board, with at least 4 members voting in the majority,
20 approves the rule.

21 **SECTION 9.** 628.36 (4) (b) 1. of the statutes is amended to read:

22 628.36 (4) (b) 1. Assisting the department of employe trust funds in the
23 development of health care plans under s. 40.51 (7) and subch. XI of ch. 40.

24 **SECTION 10.** 628.36 (4) (b) 2. of the statutes is amended to read:

