

1999 ASSEMBLY BILL 512

October 5, 1999 – Introduced by Representative BLACK. Referred to Committee on Insurance.

1 **AN ACT** *to amend* 40.02 (25) (b) 6g., 40.02 (25) (b) 6m. (intro.), 40.02 (25) (b) 6r.,
 2 40.02 (25) (b) 11., 40.04 (10), 40.04 (11), 40.05 (4) (b), 40.05 (4) (bc), 40.05 (4) (bf),
 3 40.05 (4) (bm), 40.05 (4) (bp) 1., 40.05 (4) (bw), 40.05 (4m), subchapter IX of
 4 chapter 40 [precedes 40.95], 40.95 (title), 40.95 (1) (a) (intro.), 40.95 (1) (b) and
 5 40.95 (2); and *to create* 40.02 (40r) of the statutes; **relating to:** using
 6 accumulated unused sick leave credits and certain health insurance premium
 7 credits for the payment of medicare premiums.

Analysis by the Legislative Reference Bureau

Under current law, with certain exceptions, if a state employee who is eligible for coverage under the state group health insurance program terminates employment in a position that is covered under the Wisconsin retirement system (WRS) and has attained the minimum age to begin receiving a retirement benefit under the WRS, or if a state employee who is eligible for coverage under the state group health insurance program is laid off, the employee's accumulated unused sick leave may be converted, at his or her basic pay rate immediately prior to termination, to credits for the payment of health insurance premiums during the employee's retirement or period of layoff.

In addition, under current law, the department of employee trust funds administers a program that permits state employees to use certain health insurance

ASSEMBLY BILL 512

premium credits for the purchase of health insurance on retirement if their compensation provides for such health insurance premium credits.

This bill provides that these credits may be used both for the payment of health insurance and premiums under the federal medicare program.

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) 6g. of the statutes is amended to read:

2 40.02 **(25)** (b) 6g. Any state constitutional officer, member or officer of the
3 legislature, head of a state department or state agency who is appointed by the
4 governor with senate confirmation, or head of a legislative service agency, as defined
5 in s. 13.90 (1m) (a), who terminates all creditable service on or after January 1, 1992,
6 who is eligible for and has applied for a retirement annuity or a lump sum payment
7 under s. 40.25 (1), who, if eligible, is receiving medicare coverage under both part A
8 and part B of Title XVIII of the federal social security act, ~~42 USC 1395 to 1395zz,~~
9 and who has acted under s. 40.51 (10m) to elect group health insurance coverage.

10 **SECTION 2.** 40.02 (25) (b) 6m. (intro.) of the statutes is amended to read:

11 40.02 **(25)** (b) 6m. (intro.) Beginning on the date specified by the department,
12 but not earlier than March 20, 1992, and not later than July 1, 1992, any of the
13 following persons who, if eligible, is receiving medicare coverage under both part A
14 and part B of Title XVIII of the federal social security act, ~~42 USC 1395 to 1395zz,~~
15 and who has acted under s. 40.51 (16) to elect group health insurance coverage:

16 **SECTION 3.** 40.02 (25) (b) 6r. of the statutes is amended to read:

17 40.02 **(25)** (b) 6r. Any insured employe of the state who terminates creditable
18 service on or after April 23, 1992, after attaining at least 20 years of creditable
19 service, remains a participant and is not eligible for an immediate annuity or is not

ASSEMBLY BILL 512

1 receiving a retirement or disability annuity, and who, if eligible, is receiving
2 medicare coverage under both part A and part B of Title XVIII of the federal social
3 security act, ~~42 USC 1395 to 1395zz.~~

4 **SECTION 4.** 40.02 (25) (b) 11. of the statutes is amended to read:

5 40.02 (25) (b) 11. Beginning on July 1, 1988, any retired public employe, other
6 than a retired employe of the state, who is receiving an annuity under the Wisconsin
7 retirement system, or any dependent of such an employe, as provided in the health
8 insurance contract, who is receiving a continuation of the employe's annuity, and, if
9 eligible, is receiving medicare coverage under both part A and part B of Title XVIII
10 of the federal social security act, ~~42 USC 1395 to 1395zz,~~ and who has acted under
11 s. 40.51 (10) to elect group health insurance coverage.

12 **SECTION 5.** 40.02 (40r) of the statutes is created to read:

13 40.02 (40r) "Medicare" means coverage under part A and part B of Title XVIII
14 of the federal Social Security Act, 42 USC 1395 to 1395zz.

15 **SECTION 6.** 40.04 (10) of the statutes is amended to read:

16 40.04 (10) An accumulated sick leave conversion account shall be maintained
17 within the fund, to which shall be credited all money received under s. 40.05 (4) (b),
18 (bc), (bf), (bm), (br) and (bw) for health insurance and medicare premiums, as
19 dividends or premium credits arising from the operation of health insurance plans
20 and the payment of medicare premiums and from investment income on any reserves
21 established in the fund for health insurance and medicare purposes for retired
22 employes and their surviving dependents. Premium payments to health insurers
23 and for medicare authorized in s. 40.05 (4) (b), (bc), (bf), (bm) and (bw) shall be
24 charged to this account. The department shall separately account for premium
25 payments authorized under s. 40.05 (4) (bf) for purposes of reimbursement from the

ASSEMBLY BILL 512**SECTION 6**

1 appropriation under s. 20.515 (1) (b). This subsection does not prohibit the direct
2 payment of premiums to insurers when appropriate administrative procedures have
3 been established for direct payments.

4 **SECTION 7.** 40.04 (11) of the statutes is amended to read:

5 40.04 (11) A health insurance and medicare premium credit account shall be
6 maintained within the fund, to which shall be credited all moneys received under s.
7 40.05 (4) (by) for the payment of health insurance and medicare premiums, as
8 dividends or premium credits arising from the operation of health insurance plans
9 and the payment of medicare premiums and from investment income on any reserves
10 established in the fund for health insurance and medicare purposes for retired
11 employees and their surviving dependents. Premium payments to health insurers
12 and for medicare authorized in subch. IX may only be charged to this account after
13 all other health insurance and medicare premium credits under s. 40.05 (4) (b), (bc),
14 (bf), (bm) and (bw) are exhausted. This subsection does not prohibit the direct
15 payment of premiums to insurers when appropriate administrative procedures have
16 been established for direct payments.

17 **SECTION 8.** 40.05 (4) (b) of the statutes is amended to read:

18 40.05 (4) (b) Except as provided under pars. (bc) and (bp), accumulated unused
19 sick leave under ss. 13.121 (4), 36.30, 230.35 (2), 233.10 and 757.02 (5) and subch.
20 I or V of ch. 111 of any eligible employe shall, at the time of death, upon qualifying
21 for an immediate annuity or for a lump sum payment under s. 40.25 (1) or upon
22 termination of creditable service and qualifying as an eligible employe under s. 40.02
23 (25) (b) 6. or 10., be converted, at the employe's current basic pay rate, to credits for
24 payment of health insurance and medicare premiums on behalf of the employe or the
25 employe's surviving insured dependents. Any supplemental compensation that is

ASSEMBLY BILL 512

1 paid to a state employee who is classified under the state classified civil service as a
2 teacher, teacher supervisor or education director for the employee's completion of
3 educational courses that have been approved by the employee's employer is
4 considered as part of the employee's basic pay for purposes of this paragraph. The full
5 premium for any eligible employee who is insured at the time of retirement, or for the
6 surviving insured dependents of an eligible employee who is deceased, shall be
7 deducted from the credits until the credits are exhausted and paid from the account
8 under s. 40.04 (10), and then deducted from annuity payments, if the annuity is
9 sufficient. The department shall provide for the direct payment of premiums by the
10 insured to the insurer if the premium to be withheld exceeds the annuity payment.
11 Except as provided in par. (pd), upon conversion of an employee's unused sick leave
12 to credits under this paragraph or par. (bf) for the payment of health insurance, the
13 employee or, if the employee is deceased, the employee's surviving insured dependents
14 may elect to delay initiation of deductions from those credits for up to 10 years after
15 the date of the conversion if the employee or surviving insured dependents are covered
16 by a comparable health insurance plan or policy during the period beginning on the
17 date of the conversion and ending on the last day of the 2nd month after the date on
18 which the employee or surviving insured dependents later elect to initiate deductions
19 from those credits. A health insurance plan or policy is considered comparable if it
20 provides hospital and medical benefits that are substantially equivalent to the
21 standard health insurance plan established under s. 40.52 (1). Upon conversion of
22 an employee's unused sick leave to credits under this paragraph or par. (bf) for the
23 payment of medicare premiums, the employee or, if the employee is deceased, the
24 employee's surviving insured dependents may elect to delay initiation of deductions
25 from those credits for up to 10 years after the date of the conversion.

ASSEMBLY BILL 512**SECTION 9**

1 **SECTION 9.** 40.05 (4) (bc) of the statutes is amended to read:

2 40.05 **(4)** (bc) The accumulated unused sick leave of an eligible employe under
3 s. 40.02 (25) (b) 6g. shall be converted to credits for the payment of health insurance
4 or medicare premiums on behalf of the employe on the date on which the department
5 receives the employe's application for a retirement annuity or for lump sum payment
6 under s. 40.25 (1). The employe's unused sick leave shall be converted at the eligible
7 employe's basic pay rate immediately prior to termination of all creditable service.
8 The full premium for the employe, or for the surviving insured dependents of the
9 employe if the employe later becomes deceased, shall be deducted from the credits
10 until the credits are exhausted and paid from the account under s. 40.04 (10), and
11 then deducted from annuity payments, if the annuity is sufficient. The department
12 shall provide for the direct payment of premiums by the insured to the insurer if the
13 premium to be withheld exceeds the annuity payment.

14 **SECTION 10.** 40.05 (4) (bf) of the statutes is amended to read:

15 40.05 **(4)** (bf) Any eligible employe who was granted credit under s. 230.35 (1)
16 (gm) for service as a national guard technician, who, on December 31, 1965, had
17 accumulated unused sick leave that was based on service performed in this state as
18 a national guard technician before January 1, 1966, and who is a participating
19 employe or terminated all creditable service after June 30, 1972, or, if the eligible
20 employe is deceased, the surviving insured dependents of the eligible employe, may
21 have that accumulated unused sick leave converted to credits for the payment of
22 health insurance or medicare premiums on behalf of the eligible employe or the
23 surviving insured dependents if, not later than November 30, 1996, the eligible
24 employe or the surviving insured dependents submit to the department, on a form
25 provided by the department, an application for the conversion. The application shall

ASSEMBLY BILL 512

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

10 **SECTION 11.** 40.05 (4) (bm) of the statutes is amended to read:

11 40.05 (4) (bm) Except as provided under par. (bp), accumulated unused sick
12 leave under ss. 36.30 and 230.35 (2) or 233.10 of any eligible employe shall, upon
13 request of the employe at the time the employe is subject to layoff under s. 40.02 (4),
14 be converted at the employe's current basic pay rate to credits for payment of health
15 insurance or medicare premiums on behalf of the employe. Any supplemental
16 compensation that is paid to a state employe who is classified under the state
17 classified civil service as a teacher, teacher supervisor or education director for the
18 employe's completion of educational courses that have been approved by the
19 employe's employer is considered as part of the employe's basic pay for purposes of
20 this paragraph. The full amount of the required employe contribution for any eligible
21 employe who is insured at the time of the layoff shall be deducted from the credits
22 until the credits are exhausted, the employe is reemployed, or 5 years have elapsed
23 from the date of layoff, whichever occurs first.

24 **SECTION 12.** 40.05 (4) (bp) 1. of the statutes is amended to read:

ASSEMBLY BILL 512

1 40.05 (4) (bp) 1. Except as provided in subds. 2. and 3., for sick leave which
2 accumulates beginning on August 1, 1987, conversion under par. (b) or (bm) of
3 accumulated unused sick leave under s. 36.30 to credits for payment of health
4 insurance and medicare premiums shall be limited to the annual amounts of sick
5 leave specified in this subdivision. For faculty and academic staff personnel who are
6 appointed to work 52 weeks per year, conversion is limited to 8.5 days of sick leave
7 per year. For faculty and academic staff personnel who are appointed to work 39
8 weeks per year, conversion is limited to 6.4 days of sick leave per year. For faculty
9 and academic staff personnel not otherwise specified, conversion is limited to a
10 number of days of sick leave per year to be determined by the secretary by rule, in
11 proportion to the number of weeks per year appointed to work.

12 **SECTION 13.** 40.05 (4) (bw) of the statutes is amended to read:

13 40.05 (4) (bw) On converting accumulated unused sick leave to credits for the
14 payment of health insurance and medicare premiums under par. (b), the department
15 shall add additional credits, calculated in the same manner as are credits under par.
16 (b), that are based on a state employe's accumulated sabbatical leave or earned
17 vacation leave from the state employe's last year of service prior to retirement, or
18 both. The department shall apply the credits awarded under this paragraph for the
19 payment of health insurance and medicare premiums only after the credits awarded
20 under par. (b) are exhausted. This paragraph applies only to state employes who are
21 eligible for accumulated unused sick leave conversion under par. (b) and who are
22 entitled to the benefits under this paragraph pursuant to a collective bargaining
23 agreement under subch. V of ch. 111.

24 **SECTION 14.** 40.05 (4m) of the statutes is amended to read:

ASSEMBLY BILL 512

1 **40.05 (4m)** LONG-TERM CARE INSURANCE PREMIUMS. For any long-term care
2 insurance policies provided under s. 40.55, the entire premium shall be paid as a
3 deduction under s. 40.06 (1) (a) from an employe's earnings or a state annuitant's
4 annuity or deducted from credits in accounts under s. 40.04 (10) or (11) for
5 participants eligible to use the credits for the payment of medicare premiums, except
6 that if an eligible employe is not on a state payroll or receives earnings that are
7 insufficient to cover premium payments or a state annuitant receives an annuity
8 that is not sufficient to cover premium payments, the eligible employe or state
9 annuitant shall make premium payments directly to the insurer. There shall be no
10 employer contributions.

11 **SECTION 15.** Subchapter IX of chapter 40 [precedes 40.95] of the statutes is
12 amended to read:

CHAPTER 40

SUBCHAPTER IX

HEALTH INSURANCE ANDMEDICARE

PREMIUM CREDITS

18 **SECTION 16.** 40.95 (title) of the statutes is amended to read:

19 **40.95** (title) **Health insurance and medicare premium credits.**

20 **SECTION 17.** 40.95 (1) (a) (intro.) of the statutes is amended to read:

21 **40.95 (1)** (a) (intro.) Subject to sub. (2), the department shall administer a
22 program that provides health insurance and medicare premium credits for the
23 purchase of health insurance or medicare for a retired employe, or the retired
24 employe's surviving insured dependents, for the benefit of an eligible employe whose

ASSEMBLY BILL 512

1 compensation includes such health insurance premium credits and who satisfies at
2 least one of the following:

3 **SECTION 18.** 40.95 (1) (b) of the statutes is amended to read:

4 40.95 (1) (b) The health insurance and medicare premium credits shall be
5 based on the employe's years of continuous service, accumulated unused sick leave
6 and any other factor specified as part of the employe's compensation.

7 **SECTION 19.** 40.95 (2) of the statutes is amended to read:

8 40.95 (2) The department is not required to administer any program that
9 provides health insurance and medicare premium credits for the purchase of health
10 insurance or medicare for a retired employe, or the retired employe's surviving
11 insured dependents, if the department determines that the program does not
12 conform to the program approved by the joint committee on employment relations
13 under s. 230.12 (9).

14 (END)