

1999 SENATE BILL 400

February 23, 2000 – Introduced by Senators BAUMGART, SCHULTZ and GEORGE, cosponsored by Representatives MUSSER, J. LEHMAN, HASENOHRL, MEYERHOFER, RYBA, YOUNG, WAUKAU, BERCEAU, MILLER, GUNDERSON and GRONEMUS. Referred to Committee on Labor.

1 **AN ACT** *to renumber and amend* 40.51 (7); *to amend* 20.515 (1) (s), 40.51 (2),
2 40.52 (4), 59.52 (11) (c), 66.184 and 66.186; and *to create* 40.02 (25) (b) 9m.,
3 40.05 (4) (ae), 40.51 (2) (d), 40.51 (7) (c) and 66.183 of the statutes; **relating to:**
4 providing health insurance coverage for certain local government employes and
5 officers who have terminated local government employment.

Analysis by the Legislative Reference Bureau

Under current law, a political subdivision (city, village, town or county) may provide health insurance coverage for its officers and employes. Cities and villages, under their home rule authority, may also provide such insurance to their retired employes or officers if the employes or officers pay the insurance premium.

Under this bill and subject to a number of conditions, a political subdivision may allow an eligible person, upon his or her retirement or disability, to continue to be covered indefinitely by an employer–sponsored hospital, medical or dental group insurance policy (health insurance) under which the person was covered immediately before his or her retirement. An “eligible person” is defined as an individual who, at the time of his or her retirement from employment by, or as an officer of, a political subdivision, is eligible to become an annuitant of the Wisconsin Retirement System (WRS) or to receive a disability from WRS.

Under the bill, the eligible person must pay the entire premium for the coverage, unless a collective bargaining agreement or a political subdivision’s policy provides otherwise. A political subdivision may discontinue an eligible person’s

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health insurance if he or she does not pay the required premiums within the time period specified for such payments under federal law, generally within 30 days of the premium's due date.

The bill prohibits a political subdivision from segregating current employees and eligible persons into different groups for purposes of establishing premiums and coverage for health insurance, except that such segregation may occur with regard to eligible persons who are at least 65 years old and who are eligible for medicare.

For further information see the *state and local* 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) (s) of the statutes is amended to read:

2 20.515 **(1)** (s) *Benefit and coverage payments; employers other than the state;*
3 *retired employes.* All moneys received for health care coverage by the public employe
4 trust fund from eligible employes, as defined in s. 40.02 (25) (b) 9m. and 11., and from
5 employers, as defined in s. 40.02 (28), other than the state, and their employes
6 electing to be included in health care coverage plans through a program offered by
7 the group insurance board for payment of benefits and the costs of administering
8 benefits under s. 40.51 (7) and (10). Estimated disbursements under this paragraph
9 shall not be included in the schedule under s. 20.005.

10 **SECTION 2.** 40.02 (25) (b) 9m. of the statutes is created to read:

11 40.02 **(25)** (b) 9m. Any participant who terminated covered employment with
12 an employer that had acted under s. 40.51 (7) to make health care coverage available
13 to its employes, who has not attained the age of 65 years and who is an annuitant or
14 is eligible for an immediate annuity but defers application;

15 **SECTION 3.** 40.05 (4) (ae) of the statutes is created to read:

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1 40.05 (4) (ae) For health insurance, each eligible employe, as defined in s. 40.02
2 (25) (b) 9m., who receives coverage under s. 40.51 (7) shall pay all required premiums
3 that are not otherwise paid by the employe's former employer.

4 **SECTION 4.** 40.51 (2) of the statutes is amended to read:

5 40.51 (2) (a) Except as provided in subs. (10), (10m), (11) and (16), any eligible
6 employe may become covered by group health insurance by electing coverage within
7 30 days of being hired, to be effective as of the first day of the month which begins
8 on or after the date the application is received by the employer, or by electing
9 coverage prior to becoming eligible for employer contribution towards the premium
10 cost as provided in s. 40.05 (4) (a) to be effective upon becoming eligible for employer
11 contributions.

12 (b) An eligible employe who is not insured, but who is eligible for an employer
13 contribution under s. 40.05 (4) (ag) 1., may elect coverage prior to becoming eligible
14 for an employer contribution under s. 40.05 (4) (ag) 2., with the coverage to be
15 effective upon becoming eligible for the increase in the employer contribution.

16 (c) Any employe who does not ~~so elect at one of these times~~ make an election
17 at one of the times specified in par. (a) or (b), or who subsequently cancels the
18 insurance, shall not thereafter become insured unless the employe furnishes
19 evidence of insurability satisfactory to the insurer, at the employe's own expense or
20 obtains coverage subject to contractual waiting periods. The method to be used shall
21 be specified in the health insurance contract.

22 **SECTION 5.** 40.51 (2) (d) of the statutes is created to read:

23 40.51 (2) (d) This subsection does not apply to an eligible employe, as defined
24 in s. 40.02 (25) (b) 9m., who is covered under sub. (7).

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1 **SECTION 6.** 40.51 (7) of the statutes is renumbered 40.51 (7) (a) and amended
2 to read:

3 40.51 (7) (a) Any employer, other than the state, may offer to all of its employes
4 and to eligible employes, as defined in s. 40.02 (25) (b) 9m., a health care coverage
5 plan through a program offered by the group insurance board.

6 (b) Notwithstanding sub. (2) and ss. 40.05 (4) and 40.52 (1), but subject to par.
7 (c). the department may by rule establish different eligibility standards or
8 contribution requirements for such employes and employers and may by rule limit
9 the categories of employers, other than the state, which may be included as
10 participating employers under this subchapter.

11 **SECTION 7.** 40.51 (7) (c) of the statutes is created to read:

12 40.51 (7) (c) In establishing a health care coverage plan under this subsection,
13 the department:

14 1. May not impose different requirements relating to evidence of insurability
15 or preexisting conditions on eligible employes, as defined in s. 40.02 (25) (b) 9m., from
16 those which it imposes on employes.

17 2. May not segregate employes and eligible employes, as defined in s. 40.02 (25)
18 (b) 9m., into different groups for insurance coverage purposes.

19 3. Shall provide that any eligible employe, as defined in s. 40.02 (25) (b) 9m.,
20 may not receive dependent coverage unless the employe received dependent
21 coverage immediately before terminating employment with the employer.

22 4. Shall provide that any eligible employe, as defined in s. 40.02 (25) (b) 9m.,
23 who receives dependent coverage may convert to individual coverage, but that any
24 eligible employe, as defined in s. 40.02 (25) (b) 9m., who receives individual coverage
25 may not convert to dependent coverage.

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1 **SECTION 8.** 40.52 (4) of the statutes is amended to read:

2 40.52 **(4)** The group insurance board shall establish the terms of health
3 insurance plans for eligible employees, as defined under s. 40.02 (25) (b) 9., 9m. and
4 11., who elect coverage under s. 40.51 (7) or (10).

5 **SECTION 9.** 59.52 (11) (c) of the statutes is amended to read:

6 59.52 **(11)** (c) *Employee insurance.* Provide for individual or group hospital,
7 surgical and life insurance for county officers and employes and for payment of
8 premiums for such officers and employes. In addition, a county with at least 100
9 employes may elect to provide health care benefits on a self-insured basis to its
10 officers and employes, and any 2 or more counties which together have at least 100
11 employes may jointly provide health care benefits on a self-insured basis to officers
12 and employes of the counties. Counties which elect to provide health care benefits
13 on a self-insured basis to their officers and employes shall be subject to the
14 requirements set forth under s. 120.13 (2) (c) to (e) and (g). Any hospital or surgical
15 insurance or self-insured health care benefits that are provided under this
16 paragraph shall be subject to the requirements under s. 66.183.

17 **SECTION 10.** 66.183 of the statutes is created to read:

18 **66.183 Health insurance for retired governmental employes. (1)**

19 DEFINITIONS. In this section:

20 (a) “Eligible person” means an individual who, at the time of his or her
21 retirement from employment by, or as an officer of, a political subdivision, is eligible
22 to become an annuitant of the Wisconsin retirement system under ch. 40 or to receive
23 disability payments from the Wisconsin retirement system under ch. 40.

24 (b) “Medicare” means coverage under both part A and part B of Title XVIII of
25 the federal Social Security Act, 42 USC 1395 to 1395ggg.

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1 (c) “Political subdivision” means a city, village, town or county.

2 **(2) CONTINUATION OF COVERAGE.** (a) 1. Notwithstanding s. 632.897, and subject
3 to par. (b) and to subds. 2. and 3., a political subdivision may allow an eligible person,
4 upon his or her retirement or disability, to continue to be covered indefinitely by any
5 employer–sponsored hospital, medical or dental group insurance policy under which
6 the eligible person was covered immediately before his or her retirement or
7 disability.

8 2. To obtain and maintain any coverage specified under subd. 1., the eligible
9 person must pay the entire premium for the coverage, except as otherwise provided
10 in an applicable collective bargaining agreement or a policy or ordinance of the
11 political subdivision.

12 3. A political subdivision may discontinue any coverage specified under subd.
13 1. if the eligible person is responsible for paying the premium for the coverage and
14 he or she does not do so within the time period specified for payment of premiums
15 under 42 USC 300bb–2 (2) (c).

16 (b) For purposes of establishing premiums and coverage under a hospital,
17 medical or dental group insurance policy under this section, current employees and
18 eligible persons may not be segregated into different groups, except that eligible
19 persons who are 65 years of age or older and are eligible for and enrolled in medicare
20 may be segregated into a separate group for those purposes.

21 **SECTION 11.** 66.184 of the statutes is amended to read:

22 **66.184 Self-insured health plans.** If a city, including a 1st class city, or a
23 village provides health care benefits under its home rule power, or if a town provides
24 health care benefits, to its officers and employees on a self-insured basis, the
25 self-insured plan shall comply with ss. 49.493 (3) (d), 66.183, 631.89, 631.90, 631.93

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1 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3), 632.85, 632.853, 632.855, 632.87 (4) and
2 (5), 632.895 (9) to (13), 632.896, 767.25 (4m) (d), 767.51 (3m) (d) and 767.62 (4) (b) 4.

3 **SECTION 12.** 66.186 of the statutes is amended to read:

4 **66.186 Health insurance; first class cities.** The Subject to s. 66.183, the
5 common council of any 1st class city may, by ordinance or resolution, provide for
6 general hospital, surgical and group insurance for both active and retired city officers
7 and city employes and their respective dependents and for payment of premiums
8 therefor in private companies, or may, by ordinance or resolution, elect to offer to all
9 of its employes a health care coverage plan through a program offered by the group
10 insurance board under ch. 40. Municipalities which elect to participate under s.
11 40.51 (7) shall be subject to the applicable sections of ch. 40 instead of this section.
12 Contracts for such insurance may be entered into for active officers and employes
13 separately from such contracts for retired officers and employes, but shall be subject
14 to s. 66.183. Appropriations may be made for the purpose of financing such
15 insurance. Moneys accruing to such fund, by investment or otherwise, shall not be
16 diverted for any other purpose than those for which such fund was set up or to defray
17 management expenses of such fund or to partially pay premiums so as to reduce costs
18 to the city or to persons covered by such insurance, or both.

19 **SECTION 13. Initial applicability.**

20 (1) The treatment of section 66.183 of the statutes, to the extent that it affects
21 an eligible person, as defined in section 66.183 (1) (a) of the statutes, who is affected
22 by a collective bargaining agreement that contains provisions inconsistent with that
23 treatment, first applies to such a person on the day on which the collective bargaining
24 agreement expires or is extended, modified or renewed, whichever occurs first.

25 (END)