

1999 DRAFTING REQUEST

Bill

Received: 10/6/98

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget 6-8777**

By/Representing: **Caucutt**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact:

Alt. Drafters:

Subject: **Employ Pub - employe benefits**

Extra Copies: **Pam Henning
DETF
801 W. Badger Rd.**

Topic:

DOA:.....Caucutt - Contracts under accumulated sick leave conversion credit program

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	champra 12/26/98	gilfokm 12/26/98	haugeca 01/4/99	_____	lrb_docadmin 01/4/99		State
/1	champra 01/21/99	gilfokm 01/21/99	hhagen 01/22/99	_____	lrb_docadmin 01/22/99		State
/2	champra 02/2/99	gilfokm 02/2/99	ismith 02/2/99	_____	lrb_docadmin 02/2/99		State

FE Sent For:

<END>

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/1	champra 01/21/99	gilfokm 01/21/99	hhagen 01/22/99	_____	lrb_docadmin 01/22/99		State
FE Sent For:		12-2-2-99 Kmg	IS 2/2/99	IS/HH 2/2/99			

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/P1	champra 12/26/98	gilfokm 12/26/98	haugca 01/4/99	_____	lrb_docadmin 01/4/99		State
FE Sent For:		1-1-21-99 knng	dk 1/22	dk 1/22			

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Instructions:

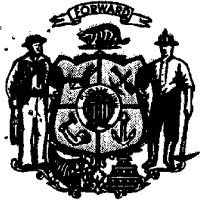
See Attached.

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<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1/?	champra	1/11-12-26 Hmg	Ch 1-4	Ch 1-4 JP			

FE Sent For:

<END>



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864



Date: 5 October, 1998

To: Steve Miller
Chief, Legislative Reference Bureau

From: Dennis Presser 
Policy and Budget Analyst, 6-8777

Subject: Department of Employee Trust Funds statutory language proposals

Please draft the following eight statutory language proposals from the Department of Employee Trust Funds for its FY99-01 biennial budget request.

They include:

- Interest on refunds and underpayments
- Purchasing forfeited service
- QDRO--participant's status
- Death benefit under accelerated payment option
- Accumulated Sick Leave Conversion Credit Program changes
- Accumulated Sick Leave Conversion Credit base pay rate changes
- Closure and publication of write-off accounts
- Establishment of statutory lien provision

Please call with any questions. Thanks.



**Department of Employee Trust Funds
Statutory Language Drafting Request**

Draft for Possible 99-01 Budget Bill Introduction

Draft for Possible Introduction as Department-sponsored or Independent Bill

Subject: Accumulated Sick Leave Conversion Credit Program Changes

Request Date: September 15, 1998

Contact Name in Agency for Drafter (phone no): Pam Henning (267-2929)

Brief Description of Intent:

The changes to the accumulated sick leave conversion credit (ASLCC) program under s. 40.02 (37)(a) and (b) are necessary to ensure compliance with federal requirements in terms of tax-free benefits. The changes limit the ASLCC program to health insurance plans insured or contracted by the Group Insurance Board, and therefore, guarantee that tax-free benefits of accumulated sick leave credits are only used to pay for health insurance premiums by WRS retirees and their dependents.

In addition, s. 40.02 (37)(b) is created to allow accumulated sick leave credits to be used to pay premiums for county health insurance coverage for two categories of employees which were affected under s. 753.07 (4) or s. 978.12 (6). In 1978, as part of an extensive reorganization of the Wisconsin judicial system, county court judges, county court reporters and assistant county court reporters, and Milwaukee County circuit court judges and circuit court reporters became state employees, began accumulating state employee sick leave, but had the option of remaining covered under their former county health insurance programs. In 1990, employees of the offices of county district attorneys also became state employees and began accumulating sick leave as state employees. Under Wis. Stat. § 978.12 (6), district attorneys and other newly created state employees in the office of the district attorney (who had been so employed as county employees on December 31, 1989) were permitted to retain coverage under their county health insurance.

Also, s. 40.02 (37)(b) is created to grant the Department optional rule-making authority to expand use of accumulated sick leave conversion credits to other insurance plans, at the Department's discretion.

Related Statutory Citations

s. 40.02 (37)(a) of the statutes is amended to read:

"Health insurance" means ~~contractual~~; (a) Contractual arrangements which may include, but are not limited to, indemnity or service benefits, or prepaid comprehensive health care plans, which will provide full or partial payment of the financial expense incurred by employees and dependents as the result of injury, illness or preventive medical procedures. The plans may include hospitalization, surgical and medical care, as well as ancillary items or services as determined by the group insurance board. The plans may include the type of coverage normally referred to as "major medical" insurance.

s. 40.02 (37)(b) of the statutes is created to read:

For the purpose of health insurance premium credits under ss. 40.05 (4)(b), (bc), (bd), (be), (bf), (bm), (bp), and (bw) and 40.95, group health insurance within the meaning of par. (a) which is contracted or provided by the group insurance board under s. 40.03 (6)(a) or (b), including health care coverage under ss. 40.51 and 40.52, and to the extent permitted by rules promulgated by the department, health insurance provided by the county pursuant to an election to remain covered duly made under s. 753.07 (4) or s. 978.12 (6), including continuation coverage under s. 632.897 or federal law, but not conversion coverage. In addition, the department may promulgate rules, which do not conflict with the exclusion from income under section 106 of the internal revenue code, for including third-party health plans within this definition.



D Note
State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0470/P1

RAC:.....
img

Seen

DOA:.....Caucutt - Contracts under Accumulated Sick Leave Conversion
Credit Program

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

*Dont
Sen Cat.*
1 AN ACT...; relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

This is a preliminary draft. An analysis will be provided in a subsequent version of the draft.

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:

*Fix
Component*
②
③

SECTION 1. 40.02 (37) of the statutes is amended to read:

*renumbered 40.02 (37) (intro.)
and*

40.02 (37) *(intro.)* "Health insurance" means contractual *any of the following*

4 (a) Contractual arrangements which may include, but are not limited to,
5 indemnity or service benefits, or prepaid comprehensive health care plans, which
6 will provide full or partial payment of the financial expense incurred by employees

1 and dependents as the result of injury, illness or preventive medical procedures. The
 2 plans may include hospitalization, surgical and medical care, as well as ancillary
 3 items or services as determined by the group insurance board. The plans may
 4 include the type of coverage normally referred to as "major medical" insurance.

History: 1981 c. 96, 187, 250, 274, 386; 1983 a. 9, 27; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1983 a. 106, 140; 1983 a. 141 ss. 1 to 3, 20; 1983 a. 191 ss. 1, 6; 1983 a. 192 s. 304; 1983 a. 255 s. 6; 1983 a. 275, 290, 368; 1983 a. 435 s. 7; 1983 a. 29, 225; 1983 a. 332 ss. 32, 251 (1); 1987 a. 27, 62, 83, 107, 309, 340, 356, 363, 372, 399; 1987 a. 403 ss. 43 to 45, 256; 1989 a. 13, 14, 31; 1989 a. 56 s. 259; 1989 a. 166, 182, 189, 218, 230, 240, 323, 327, 336, 355, 357, 359; 1991 a. 32, 39, 113, 152, 229, 269, 315; 1993 a. 16, 263, 383, 490, 491; 1995 a. 27, ss. 1946 to 1953, 9130 (4); 1995 a. 81, 88, 89, 216, 240, 302, 381, 417; 1997 a. 3, 27, 39, 69, 110, 162, 237, 238.

5 **SECTION 2. 40.02 (37) (b) of the statutes is created to read:**

6 40.02 (37) (b) For the purpose of health insurance premium credits under ss.
 7 40.05 (4) (b), (bc), (bd), (be), (bf), (bm), (bp) and (bw) and 40.95, group health
 8 insurance within the meaning of par. (a) which is contracted or provided by the group
 9 insurance board under s. 40.03 (6) (a) or (b), including health care coverage under ss.
 10 40.51 and 40.52, and to the extent permitted by rules promulgated by the
 11 department, health insurance provided by a county pursuant to an election to remain
 12 covered under s. 753.07 (4) or ~~§~~ 978.12 (6), including continuation coverage under
 13 s. 632.897 or federal law, but not conversion coverage. The department may
 14 promulgate rules, which do not conflict with the exclusion from income under section
 15 106 of the Internal Revenue Code, for including ~~un~~^{3rd}-party plans within this
 16 definition.

17 (END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0470/P1dn

RAC:.....

kmj

Handwritten note:
Handwritten scribble with an arrow pointing to the name "Dan:"

Dan:

At the request of the department of employe trust funds (DETF), I have prepared this draft using essentially the identical language submitted by DETF. At this juncture, I have prepared this draft as a preliminary draft, because I am uncertain of the legal effect of the language in the draft. I wish to use this drafter's note to identify issues in the proposed language that I believe need clarification. In particular, you should note the following:

1. The proposed language expands the definition of "health insurance" as used in ch. 40. The expanded definition includes, for the purpose of the accumulated sick leave credit conversion program and the health insurance premium credit program, group health insurance contracted or provided by the group insurance board. I am uncertain as to what this expansion of the definition of "health insurance" actually does. Let me explain.

The proposed language seems to imply that this group health insurance is not health insurance as defined under current law. After all, why expand the definition of "health insurance" if this form of group health insurance is not already included under the current law definition? But if this form of group health insurance is not already included in the current law definition, then the current law accumulated sick leave credit conversion program and the health insurance premium credit program, which require that the credits be used for the payment of *health insurance* premiums, would seem to be unlawful. In other words, if the premiums are being used for the payment of some kind of insurance other than health insurance, then the use of the credits runs afoul of the current law requirement under ss. 40.05 (4) (b) and 40.95 that the credits be used for the payment of *health insurance* premiums. But this is clearly not the case. I have yet to hear any person claim that the current law definition of health insurance does not include health insurance that is paid for with the credits.

For this reason, I am perplexed over the need to expand the definition of "health insurance".

2. The memorandum prepared by DETF that accompanies the proposed language states that "The changes [to the definition of "health insurance"] limit the ASLCC [accumulated sick leave conversion credits] program to health insurance plans insured or contracted by the Group Insurance Board, and therefore, guarantee that tax-free benefits of accumulated sick leave credits are only used to pay for health insurance premiums by WRS retirees and their dependents."

Handwritten notes:
wpo: don't change; this is quoted text.
Stef: leave as is

I am uncertain how the amendment to the definition of "health insurance" accomplishes this goal. Nothing in s. 40.05 (4) or 40.95 requires the use of premiums only for group insurance plans offered by the group insurance board. In fact, in s. 40.05 (4) (b), which is not amended in the proposed language, there is a reference to other health insurance plans that are the equivalent to the standard plan under s. 40.52 (1) being an ASLCC option. This seems to refer to plans offered by a person other than the state.

If the intent of the request is to limit the ASLCC program to the payment of premiums for health insurance plans offered by the group insurance board, then the proper place to provide for such a requirement would be in s. 40.05 (4) (b). The same would be true for the payment of health insurance premiums under s. 40.95.

3. Similarly, the memorandum provides that an intent of the change in the definition of "health insurance" is to permit certain former county employes in the court system and the office of the district attorney who retained their county health insurance after becoming state employes to use the ASLCC for the payment of premiums for county health care plans. If this is the intent, then the proper place to do this is in s. 40.05 (4). I am unsure how the amendment to a definition of "health insurance" does this.

Also, with respect to the issue of using the credits for the payment of health insurance premiums for county health insurance plans, I am uncertain about the meaning of the phrase "including continuation coverage under s. 632.897 or federal law, but not conversion coverage". Does this mean that these employes cannot use the credits for a county health insurance plan that offers conversion coverage?

4. I am uncertain as to the intent and effect of the last sentence of the newly created s. 40.02 (37) (b). For one thing, I am unsure what exactly is a "~~third~~-party plan". The phrase is not used in the statutes or the administrative rules and the LRB's insurance law attorney has not heard of the phrase. Hence, this term will need to be defined or it will need to be replaced with nomenclature that is more widely accepted.

In addition, I am uncertain about the meaning of the phrase "which do not conflict with the exclusion from income under section 106 of the Internal Revenue Code". Read literally, this phrase has no legal effect. The reason is that DETF does not have the ~~power~~ under federal law to promulgate a rule which conflicts with any of the exclusions from income under the Internal Revenue Code (IRC). Instead, what I believe is intended by the language is that any rule promulgated by DETF for including "~~third~~-party plans" under the definition of "health insurance" must *not* have the effect of having any of the benefits provided under the "~~third~~-party plans" treated as income for IRC purposes. If this is the intent, then it should be so stated.

Finally, I am unsure which current law "~~third~~-party plans" are not already included within the meaning of "health insurance".

In order to complete this draft, I am going to need some guidance with respect to these issues. Thanks.

Richard A. Champagne
Legislative Attorney
266-9930

Please note that there are references in the statutes to a "3rd-party payment plan".

in writing

3rd

3rd

Once I am clear about the definition of a "3rd-party plan", then this will not be an issue.

TO: RAC

FROM: KMG

RE: LRB-0470

***** PLEASE USE ANOTHER COLOR FOR ANY CHANGES *****

- ✓ 1. note the changes on p. 1. *Thub*
- ✓ 2. p. 1, l. 3: add "any of the following" so that it is clear whether pars. (a) and (b) are to be considered together or separately. ✓ - see change p. 1, l. 3
- ✓ 3. 40.02 (37) (b): the last sentence does not belong in the definition; see D-Man. 2.01 (1) (c).
4. analysis: add "fe-Local"? - No

RAC will address on next draft.
12-31-98

~~Thub~~ For purpose of P draft
leave as is. I will address this
issue on the 11-

Kaer,

In Item 2 of D-Note, please do not make the change I have "stepped". This is a quote from DETF instructions. Also, see changes in D-Note.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0470/P1dn
RAC:kmg:ch

January 4, 1999

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4. I am uncertain as to the intent and effect of the last sentence of the newly created s. 40.02 (37) (b). For one thing, I am unsure what exactly is a "3rd-party plan". The phrase is not used in the statutes or the administrative rules and the LRB's insurance law attorney has not heard of the phrase. Hence, this term will need to be defined or it will need to be replaced with nomenclature that is more widely accepted. Please note that there are references in the statutes to a "3rd-party payment plan".

In addition, I am uncertain about the meaning of the phrase "which do not conflict with the exclusion from income under section 106 of the Internal Revenue Code,". Read literally, this phrase has no legal effect. The reason is that DETF does not have the authority under federal law to promulgate a rule which conflicts with any of the exclusions from income under the Internal Revenue Code (IRC). Instead, what I believe is intended by the language is that any rule promulgated by DETF for including "3rd-party plans" under the definition of "health insurance" must *not* have the effect of having any of the benefits provided under the "3rd-party plans" treated as income for IRC purposes. If this is the intent, then it should be so stated.

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Legislative Attorney
266-9930



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0470/P1 /
RAC:kmg:ch

SOON

Redraft notes has
been run

DOA:.....Caucutt - Contracts under accumulated sick leave conversion
credit program

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT <sup>Don't
even cat</sup> relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

This is a preliminary draft. An analysis will be provided in a subsequent
version of the draft.

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:*

2 SECTION 1. 40.02 (37) of the statutes is renumbered 40.02 (37) (intro.) and
3 amended to read:

4 40.02 (37) (intro.) "Health insurance" means ~~contractual~~ any of the following:

5 (a) Contractual arrangements which may include, but are not limited to,
6 indemnity or service benefits, or prepaid comprehensive health care plans, which

Insert
Analysis

Insert
1-2

sort
out - order

1 will provide full or partial payment of the financial expense incurred by employes
2 and dependents as the result of injury, illness or preventive medical procedures. The
3 plans may include hospitalization, surgical and medical care, as well as ancillary
4 items or services as determined by the group insurance board. The plans may
5 include the type of coverage normally referred to as "major medical" insurance.

6 SECTION 2. 40.02 (37) (b) of the statutes is created to read:

7 40.02 (37) (b) For the purpose of health insurance premium credits under ss.
8 40.05 (4) (b), (bc), (bd), (be), (bf), (bm), (bp) and (bw) and 40.95, group health
9 insurance within the meaning of par. (a) which is contracted or provided by the group
10 insurance board under s. 40.03 (6) (a) or (b), including health care coverage under ss.
11 40.51 and 40.52, and to the extent permitted by rules promulgated by the
12 department, health insurance provided by a county pursuant to an election to remain
13 covered under s. 753.07 (4) or 978.12 (6), including continuation coverage under s.
14 632.897 or federal law, but not conversion coverage. The department may
15 promulgate rules, which do not conflict with the exclusion from income under section
16 106 of the Internal Revenue Code, for including 3rd-party plans within this
17 definition.

18

(END)

**1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0470/lins
RAC:

Insert Analysis: ✓

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 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.

This bill provides that, for most state employees, the accumulated unused sick leave credits may only be used to purchase health insurance under a plan which is contracted or provided by the group insurance board; however, for state employees who receive health insurance under a county plan, the credits may be used to purchase health insurance under a plan provided by the county, but subject to any applicable rules promulgated by the department of employe trust funds (DETF).

In addition, the bill authorizes the secretary of employe trust funds to promulgate rules permitting all state employees to use accumulated sick leave credits for the purchase of health insurance offered by a person other than a WRS employer, but only if the use of accumulated sick leave credits to purchase the insurance would not result in the credits being treated as income under the Internal Revenue Code.

Insert 1-2: ✓

SECTION 1. 40.03 (2) (rm) of the statutes is created to read:

40.03 (2) (rm) May promulgate rules, which do not conflict with the exclusion from income under section 106 of the Internal Revenue Code, for including health insurance plans offered by a person other than an employer under s. 40.02 (37) (b). ✓

Champagne, Rick

From: Weber, Rob
Sent: Monday, February 01, 1999 5:19 PM
To: Champagne, Rick
Cc: Henning, Pamela, S; Korpady, Tom
Subject: RE: ASLCC

OK, how about: "... for including additional health insurance plans for the purposes of s. 40.02 (37)(b)." This would restore the reference to the health insurance definition but make it specific to the paragraph covering the definition of health insurance for the purposes of the accumulated sick leave conversion credit program.

The idea here is to allow the Group Insurance Board, by rule-making, to describe a health insurance plan to which it could transfer premiums paid from the accumulated sick leave conversion credits. This would be a plan OTHER than: (a) a self-insured GIB plan like the Standard Plan, (b) an HMO or other private plan contracted by the GIB to cover state and local employees or (c) a county health insurance plan covering a judge or DA who had elected to stay under the county plan during the 1978 judicial reorganization or the 1990 district attorney reorganization. Those plans are already mentioned in the proposed s. 40.02 (37)(b).

I don't think the Health Insurance Division has any specific insurance plan currently in mind, but if the IRS shows any flexibility, this would allow DETF and GIB to take advantage of it.

-----Original Message-----

From: Champagne, Rick
Sent: Friday, January 22, 1999 3:24 PM
To: Weber, Rob
Cc: Henning, Pamela, S
Subject: RE: ASLCC

The analysis change is fine. Concerning your change to 40.03 (2) (rm), we should contain some cross reference to s. 40.02 (37). Other wise, the provision reads: "May promulgate rules, which do not conflict with the exclusion from income under section 106 of the Internal Revenue Code, for including other health insurance plans." Should it not read:

May promulgate rules, which do not conflict with the exclusion from income under section 106 of the Internal Revenue Code, for including other health insurance plans under s. 40.02 (37).

-----Original Message-----

From: Weber, Rob
Sent: Friday, January 22, 1999 3:03 PM
To: Henning, Pamela, S
Cc: Korpady, Tom; Champagne, Rick
Subject: RE: ASLCC
Importance: High

In the second paragraph of the analysis, third line, it would be better to make this read: "however, the credits may also be used by judges or district attorneys who became state employees under legislation passed in 1978 and 1990, respectively, and who elected to keep their county health insurance, subject to rules to be promulgated by the department of employe trust funds (DETF)."

On page 3, beginning on line 2, the proposed s. 40.03 (2)(rm) would be better if it simply read: "... for including other health insurance plans ~~offered by a person other than an employer under s. 40.02 (37) (b).~~" That language would provide the greatest possible degree of flexibility, consistent with s. 106 of the Internal Revenue Code.

Thanks. --Rob

-----Original Message-----

From: Henning, Pamela, S
Sent: Friday, January 22, 1999 1:07 PM
To: Weber, Rob
Subject: FW: ASLCC

Rob, here's Rick's newest version of the statutory changes. Please let me know if any other changes are

needed so I can let the State Budget Office know that it is final. Thanks.

-----Original Message-----

From: Champagne, Rick
Sent: Friday, January 22, 1999 12:39 PM
To: Henning, Pamela, S
Subject:

<< File: 99-0470/1 >> Pam, could you also forward a copy of this to Rob. Thanks.

Rick



D-Note
State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0470/x 2

RAC:kmg:hmh

*Redraft under
has been seen*

Today

DOA:.....Caucutt - Contracts under accumulated sick leave conversion credit program

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

- do not gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

Under current law, with certain exceptions, if a state employe 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 WRS, or if a state employe who is eligible for coverage under the state group health insurance program is laid off, the employe'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 employe's retirement or period of layoff.

This bill provides that, for most state employes, the accumulated unused sick leave credits may only be used to purchase health insurance under a plan which is contracted or provided by the group insurance board; however, ~~for state employes who receive health insurance under a county plan,~~ ^{also} the credits may be used to purchase health insurance ~~under a plan provided by the county,~~ but subject to any applicable rules promulgated by the department of employe trust funds (DETF).

In addition, the bill authorizes the secretary of employe trust funds to promulgate rules permitting all state employes to use accumulated sick leave credits for the purchase of health insurance offered by a person other than a WRS employer,

*by judges or district attorneys who
became ^{an} state employe^s in 1978 and 1990, respectively, and who
elected to keep their county health insurance coverage*

but only if the use of accumulated sick leave credits to purchase the insurance would not result in the credits being treated as income under the Internal Revenue Code.

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 (37) of the statutes is renumbered 40.02 (37) (intro.) and
2 amended to read:

3 40.02 (37) (intro.) "Health insurance" means ~~contractual~~ any of the following:

4 (a) Contractual arrangements which may include, but are not limited to,
5 indemnity or service benefits, or prepaid comprehensive health care plans, which
6 will provide full or partial payment of the financial expense incurred by employes
7 and dependents as the result of injury, illness or preventive medical procedures. The
8 plans may include hospitalization, surgical and medical care, as well as ancillary
9 items or services as determined by the group insurance board. The plans may
10 include the type of coverage normally referred to as "major medical" insurance.

11 **SECTION 2.** 40.02 (37) (b) of the statutes is created to read:

12 40.02 (37) (b) For the purpose of health insurance premium credits under ss.
13 40.05 (4) (b), (bc), (bd), (be), (bf), (bm), (bp) and (bw) and 40.95, group health
14 insurance within the meaning of par. (a) which is contracted or provided by the group
15 insurance board under s. 40.03 (6) (a) or (b), including health care coverage under ss.
16 40.51 and 40.52, and, to the extent permitted by rules promulgated by the
17 department, health insurance provided by a county pursuant to an election to remain
18 covered under s. 753.07 (4) or 978.12 (6), including continuation coverage under s.
19 632.897 or federal law, but not conversion coverage.

20 **SECTION 3.** 40.03 (2) (rm) of the statutes is created to read:

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2

3

4

40.03 (2) (rm) May promulgate rules, which do not conflict with the exclusion from income under section 106 of the Internal Revenue Code, for including ^{additional} health insurance plans ~~offered by a person other than an employer~~ under s. 40.02 (37) (b).

(END)

D-Note

Don:

This draft ^{es} make minor changes in the analysis and s. 40.03(2) (rm), suggested by DETF.

RAC

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0470/2dn
RAC:kmg:ijs

February 2, 1999

Dan:

This draft makes minor changes in the analysis and s. 40.03 (2) (rm), suggested by DETF.

Richard A. Champagne
Legislative Attorney
Phone: (608) 266-9930
E-mail: Rick.Champagne@legis.state.wi.us



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0470/2

RAC:kmg:ijs

DOA:.....Caucutt - Contracts under accumulated sick leave conversion
credit program

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

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In addition, the bill authorizes the secretary of employe trust funds to promulgate rules permitting all state employes to use accumulated sick leave credits

for the purchase of health insurance offered by a person other than a WRS employer, but only if the use of accumulated sick leave credits to purchase the insurance would not result in the credits being treated as income under the Internal Revenue Code.

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