

**1999 DRAFTING REQUEST**

**Assembly Amendment (AA-AB133)**

Received: **05/5/99**

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Mason**

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

Drafter: **champra**

May Contact:

Alt. Drafters:

Subject: **Employ Pub - employe benefits**

Extra Copies:

**Pre Topic:**

LFB:.....Mason -

**Topic:**

Requirement that group insurance board offer long-term care on a self-insured basis

**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>
/1	champra 05/5/99	gilfokm 05/5/99	martykr 05/6/99	_____	lrb_docadmin 05/6/99		
/2	champra 06/1/99	gilfokm 06/1/99	martykr 06/2/99	_____	lrb_docadmin 06/2/99		

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/1	champra 05/5/99	gilfokm 05/5/99	martykr 05/6/99	_____	lrb_docadmin 05/6/99		
FE Sent For:		12-5-1-99 KMG	Jm b /	Jd / Km b / Km /			<END>

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/1	champra	1-5-5-99 Kmg	Km 5/6	JH S Kmg			

FE Sent For:

<END>

TM

Senator Panzer

**EMPLOYEE TRUST FUNDS**

**Authorize the Group Insurance Board to Offer  
Long-Term Care Insurance Coverage on a Self-Insured Basis**

**Motion:**

Move to delete the current law limitations under s. 40.03(6)(h) of the statutes that prohibit the Group Insurance Board (GIB) from offering long-term care insurance, as currently authorized under s. 40.55 of the statutes, on a self-insured basis. Newly specify that the GIB may offer such long-term care insurance coverage on a self-insured basis. In addition, clarify that the GIB may contract for the actual provision of such coverage and that a long-term care insurance account may be maintained in the Public Employee Trust Fund for the purpose of operation of such a self-insured plan. Direct the GIB to report to the Legislature on July 1 of every odd-numbered year on participation rates in any self-insured long-term care insurance program.

---

**Note:**

Under current law, the Group Insurance Board offers an optional long-term care insurance coverage program to state employees and annuitants and the spouses or parents (including spouse's parents) of such individuals. The insurance coverage provided under the program is for short-term and long-term home health care, assisted living arrangements, community-based care and nursing home care for the insured individuals. There is no state contribution to the premiums for this coverage; the enrollee pays the entire premium cost.

Under the current program, coverage is offered through policies issued by insurers under contract with the Group Insurance Board. The policies offered by the insurers must also have been approved for offering by the Commissioner of Insurance. Current law prohibits the Group Insurance Board from offering this type of insurance coverage on a self-insured basis.

This motion would delete the current law limitations which bar the Group Insurance Board from offering long-term care insurance on a self-insured basis. This statutory change would permit, but not require, the Board to offer this coverage on a self-insured basis. Under a self-insured approach, current law would authorize the Board to: (1) establish the terms and conditions of the coverage, consistent with any statutory guidance or limitations; and (2) apportion excess monies becoming available to the plan to reduce premiums or establish reserves. Current law also

authorizes the Department to establish an account within the Public Employee Trust Fund to receive premium payments from enrollees and to make payments for claims under the self-insured group coverage program (or to pay a third party contractor to make such payments).

The motion would clarify that the GIB could contract for the administration of a long-term care insurance program operated on a self-insured basis and would enumerate long-term care insurance as a separate benefit account maintained by the Department. Further, the motion would revise the provisions of s. 40.55 of the statutes so that self-insured coverage could also be offered rather than just coverage offered through policies issued exclusively by insurance companies, as is currently required.

Finally, the motion would require the Group Insurance Board to submit a biennial report to the Legislature detailing the rates of participation in the Board's self-insured long-term care insurance program, in the event that such coverage was provided on a self-insured basis.

MO# Adopt  
Burke \* N  
Decker \* N  
Jauch \* N  
Moore \* N  
Shibilski \* N  
Plache \* N  
2 Cowles \* N  
Panzer \* N  
  
Gard \* N  
Porter \* N  
Kaufert \* N  
Albers \* N  
Duff \* N  
Ward \* N  
Huber \* N  
Riley \* N

16-0



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb0240/1

RAC: King

soon

LFB:.....Mason – Requirement that group insurance board offer long-term care on a self-insured basis

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

**LFB AMENDMENT**

**TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45**

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 559, line 4: after that line insert:

3 “SECTION 938d. 40.03 (6) (a) 2. of the statutes is amended to read:

4 40.03 (6) (a) 2. May, wholly or partially in lieu of subd. 1., on behalf of the state,  
5 provide any group insurance plan on a self-insured basis in which case the group  
6 insurance board shall approve a written description setting forth the terms and  
7 conditions of the plan, and may contract directly with providers of hospital, medical  
8 or ancillary services or convalescent or custodial care to provide insured employes  
9 with the benefits provided under this chapter.

1           **SECTION 938h.** 40.03 (6) (h) (intro.) of the statutes is renumbered 40.03 (6) (h)  
2 and amended to read:

3           40.03 (6) (h) Shall, on behalf of the state, offer as provided in s. 40.55 long-term  
4 care insurance policies, ~~subject to the following conditions:~~

History: 1981 c. 96 ss. 24, 32; 1981 c. 386; 1983 a. 247; 1985 a. 29; 1985 a. 332 ss. 53, 251 (1); 1987 a. 356; 1989 a. 31, 166, 323; 1991 a. 116, 141, 152, 269; 1993 a. 16; 1995 a. 302, 414; 1997 a. 27.

5           **SECTION 938p.** 40.03 (6) (h) 1. of the statutes is repealed.

6           **SECTION 938j.** 40.03 (6) (h) 2. of the statutes is repealed.”.

7           ✓ **2.** Page 559, line 10: after that line insert:

8           “**SECTION 939m.** 40.04 (9) of the statutes is amended to read:

9           40.04 (9) Separate group health, long-term care, income continuation and life  
10 insurance accounts, and additional accounts for any other type of insurance provided  
11 under this chapter shall be maintained within the fund, to which shall be credited  
12 moneys received from operations of the respective group insurance plans for  
13 insurance premiums, as dividend or premium credits arising from the operation of  
14 the respective insurance plans and from investment income on any reserves  
15 established in the fund for the respective insurance plans. Premium payments to  
16 insurers, any insurance benefit to be paid directly by the fund and reimbursements  
17 of 3rd parties for benefits paid on behalf of an insurance plan shall be charged to the  
18 corresponding account established for that benefit plan. This subsection shall not  
19 be construed to prohibit the direct payment of premiums to insurers when  
20 appropriate administrative procedures have been established for direct payments.”.

History: 1981 c. 96, 386; 1983 a. 27, 141, 247, 504; 1987 a. 27, 83; 1989 a. 13, 14, 31, 355; 1991 a. 39, 141, 152, 269; 1995 a. 88, 89, 225, 240; 1997 a. 26, 69.

21           ✓ **3.** Page 561, line 9: after that line insert:

22           “**SECTION 944e.** 40.55 (1m) of the statutes is created to read:

1           40.55 (1m) (a) Except as provided in sub. (5), the state may offer, through the  
2 group insurance board, to eligible employes under s. 40.02 (25) (bm) and to state  
3 annuitants long-term care coverage on a self-insured basis.

4           (b) If the state offers long-term care coverage on a self-insured basis under par.  
5 (a), the state shall allow any eligible employe under s. 40.02 (25) (bm) and any state  
6 annuitant to purchase the long-term care coverage for his or her spouse, parent or  
7 spouse's parent.

8           (c) If the state offers long-term care coverage on a self-insured basis under par.  
9 (a), the group insurance board, biennially, shall submit to the chief clerk of each  
10 house of the legislature, for distribution to the legislature under s. 13.172 (2), a report  
11 on the rates of participation in the self-insured program by eligible employes under  
12 s. 40.02 (25) (bm) and state annuitants. The group insurance board shall submit the  
13 report no later than December 31 of each even-numbered year.

14           **SECTION 944<sup>3</sup>**. 40.55 (2) of the statutes is amended to read:

15           40.55 (2) For any long-term care policy offered through the group insurance  
16 board under sub. (1), the insurer may impose underwriting considerations in  
17 determining the initial eligibility of persons to cover and what premiums to charge.

History: 1987 a. 356; 1989 a. 31; 1991 a. 152.

18           **SECTION 944<sup>1</sup>**. 40.55 (4) of the statutes is amended to read:

19           40.55 (4) The group insurance board may charge a fee to each insurer whose  
20 policy is offered under ~~this section~~ sub. (1), but the fee may not exceed the direct costs  
21 incurred by the group insurance board in offering the policy.”

History: 1987 a. 356; 1989 a. 31; 1991 a. 152.

22

(END)



Post-It* Fax Note	7671	Date	5-28	# of pages	3
To	RAC	From	TONY M		
Co./Dept.		Co.	LFB		
Phone #		Phone #	6.8744		
Fax #		Fax #			

0 LEGISLATURE

LRBt0240/1  
RAC:kmg:km

LFB:.....Mason - Requirement that group insurance board offer long-term care on a self-insured basis

FOR 1999-01 BUDGET -- NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

do we need a definition similar to s. 40.02(9m)?  
 -- or is this needed?  
 see your use  
 @ 2.1.7

At the locations indicated, amend the bill as follows:

1. Page 559, line 4: after that line insert:

"SECTION 938d. 40.03 (6) (a) 2. of the statutes is amended to read:

40.03 (6) (a) 2. May, wholly or partially in lieu of subd. 1., on behalf of the state, provide any group insurance plan on a self-insured basis in which case the group insurance board shall approve a written description setting forth the terms and conditions of the plan, and may contract directly with providers of hospital, medical or ancillary services or ~~care~~ <sup>long-term</sup> care to provide insured employees with the benefits provided under this chapter. X

SECTION 938h. 40.03 (6) (h) (intro.) of the statutes is renumbered 40.03 (6) (h)

and amended to read:

1999 - 2000 Legislature

- 2 -

LRBb0240/1  
RAC:kmg:km

1 40.03 (6) (h) Shall, on behalf of the state, offer as provided in s. 40.55 long-term  
2 care insurance policies, ~~subject to the following conditions:~~

3 SECTION 938i. 40.03 (6) (h) 1. of the statutes is repealed.

4 SECTION 938j. 40.03 (6) (h) 2. of the statutes is repealed.”.

5 2. Page 559, line 10: after that line insert:

6 “SECTION 939m. 40.04 (9) of the statutes is amended to read:

7 40.04 (9) Separate group health, ~~long-term care~~, income continuation and life  
8 insurance accounts, and additional accounts for any other type of insurance provided  
9 under this chapter shall be maintained within the fund, to which shall be credited  
10 moneys received from operations of the respective group insurance plans for  
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15 of 3rd parties for benefits paid on behalf of an insurance plan shall be charged to the  
16 corresponding account established for that benefit plan. This subsection shall not  
17 be construed to prohibit the direct payment of premiums to insurers when  
18 appropriate administrative ~~procedures~~ have been established for direct payments.”.

19 3. Page 561, line 9: after that line insert:

20 “SECTION 944e. 40.55 (1m) of the statutes is created to read:

21 40.55 (1m) (a) Except as provided in sub. (5), the state may offer, through the  
22 group insurance board, to eligible employees under s. 40.02 (25) (bm) and to state  
23 annuitants long-term care coverage on a self-insured basis.

1999 - 2000 Legislature

- 3 -

LRB0240/1  
RAC:kmg:km

1 (b) If the state offers long-term care coverage on a self-insured basis under par  
2 (a), the state shall allow any eligible employe under s. 40.02 (25) (bm) and any state  
3 annuitant to purchase the long-term care coverage for his or her spouse, parent or  
4 spouse's parent.

5 (c) If the state offers long-term care coverage on a self-insured basis under par  
6 (a), the group insurance board, biennially, shall submit to the chief clerk of each  
7 house of the legislature, for distribution to the legislature under s. 13.172 (2), a report  
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10 report no later than ~~December 31~~ <sup>July 1</sup> of each ~~even~~ <sup>odd</sup>-numbered year. X

11 SECTION 944g. 40.55 (2) of the statutes is amended to read:

12 40.55 (2) For any long-term care policy offered through the group insurance  
13 board under sub. (1), the insurer may impose underwriting considerations in  
14 determining the initial eligibility of persons to cover and what premiums to charge.

15 SECTION 944i. 40.55 (4) of the statutes is amended to read:

16 40.55 (4) The group insurance board may charge a fee to each insurer whose  
17 policy is offered ~~under this section~~ sub. (1), but the fee may not exceed the direct costs  
18 incurred by the group insurance board in offering the policy."

19 (END)



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb02404 2

RAC:kmg:krm

RM has been  
run

soon

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State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb0240/2  
RAC:kmg:km

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19 (END)