

2001 ASSEMBLY BILL 69

February 1, 2001 – Introduced by Representatives SCHNEIDER, MUSSER, RYBA, MILLER, J. LEHMAN, WADE and BOYLE, cosponsored by Senators RISSER, HUELSMAN and ROESSLER. Referred to Committee on Health.

1 **AN ACT to amend** 40.04 (10), 40.05 (4) (b), 40.05 (4) (bc), 40.05 (4) (bf), 40.05 (4)
2 (bm), 40.05 (4) (bp) 1., 40.05 (4) (bw), 40.05 (4m), subchapter IX (title) of chapter
3 40 [precedes 40.95], 40.95 (title), 40.95 (1) (a) (intro.), 40.95 (1) (b) and 40.95 (2)
4 of the statutes; **relating to:** using accumulated unused sick leave credits and
5 certain health insurance premium credits for the purchase of long-term care
6 insurance for participants under the Wisconsin retirement system.

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

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This bill provides that these credits may be used both for the purchase of health insurance and long-term care insurance.

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

2 40.04 **(10)** An accumulated sick leave conversion account shall be maintained
3 within the fund, to which shall be credited all money received under s. 40.05 (4) (b),
4 (bc), (bf), (bm), (br) and (bw) for health insurance and long-term care insurance
5 premiums, as dividends or premium credits arising from the operation of health
6 insurance and long-term care insurance plans and from investment income on any
7 reserves established in the fund for health insurance and long-term care insurance
8 purposes for retired employees and their surviving dependents. Premium payments
9 to health and long-term care insurers authorized in s. 40.05 (4) (b), (bc), (bf), (bm)
10 and (bw) shall be charged to this account. The department shall separately account
11 for premium payments authorized under s. 40.05 (4) (bf) for purposes of
12 reimbursement from the appropriation under s. 20.515 (1) (b). This subsection does
13 not prohibit the direct payment of premiums to insurers when appropriate
14 administrative procedures have been established for direct payments.

15 **SECTION 2.** 40.05 (4) (b) of the statutes is amended to read:

16 40.05 **(4)** (b) Except as provided under pars. (bc) and (bp), accumulated unused
17 sick leave under ss. 13.121 (4), 36.30, 230.35 (2), 233.10 and 757.02 (5) and subch.
18 I or V of ch. 111 of any eligible employee shall, at the time of death, upon qualifying
19 for an immediate annuity or for a lump sum payment under s. 40.25 (1) or upon
20 termination of creditable service and qualifying as an eligible employee under s.

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1 40.02 (25) (b) 6. or 10., be converted, at the employee's current basic pay rate, to
2 credits for payment of health insurance and long-term care insurance premiums on
3 behalf of the employee or the employee's surviving insured dependents. Any
4 supplemental compensation that is paid to a state employee who is classified under
5 the state classified civil service as a teacher, teacher supervisor or education director
6 for the employee's completion of educational courses that have been approved by the
7 employee's employer is considered as part of the employee's basic pay for purposes
8 of this paragraph. The full premium for any eligible employee who is insured at the
9 time of retirement, or for the surviving insured dependents of an eligible employee
10 who is deceased, shall be deducted from the credits until the credits are exhausted
11 and paid from the account under s. 40.04 (10), and then deducted from annuity
12 payments, if the annuity is sufficient. The department shall provide for the direct
13 payment of premiums by the insured to the insurer if the premium to be withheld
14 exceeds the annuity payment. Except as provided in par. (bd), upon conversion of an
15 employee's unused sick leave to credits under this paragraph or par. (bf), for the
16 payment of health insurance, the employee or, if the employee is deceased, the
17 employee's surviving insured dependents may elect to delay initiation of deductions
18 from those credits for any period of time if the employee or surviving insured
19 dependents are covered by a comparable health insurance plan or policy during the
20 period beginning on the date of the conversion and ending on the last day of the 2nd
21 month after the date on which the employee or surviving insured dependents later
22 elect to initiate deductions from those credits. A health insurance plan or policy is
23 considered comparable if it provides hospital and medical benefits that are
24 substantially equivalent to the standard health insurance plan established under s.
25 40.52 (1). Upon conversion of an employee's unused sick leave to credits under this

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1 paragraph or par. (bf), for the payment of long-term care insurance, the employee
2 or, if the employee is deceased, the employee's surviving insured dependents may
3 elect to delay initiation of deductions from those credits for any period of time.

4 **SECTION 3.** 40.05 (4) (bc) of the statutes is amended to read:

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

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

19 40.05 (4) (bf) Any eligible employee who was granted credit under s. 230.35 (1)
20 (gm) for service as a national guard technician, who, on December 31, 1965, had
21 accumulated unused sick leave that was based on service performed in this state as
22 a national guard technician before January 1, 1966, and who is a participating
23 employee or terminated all creditable service after June 30, 1972, or, if the eligible
24 employee is deceased, the surviving insured dependents of the eligible employee,
25 may have that accumulated unused sick leave converted to credits for the payment

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1 of health insurance or long-term care insurance premiums on behalf of the eligible
2 employee or the surviving insured dependents if, not later than November 30, 1996,
3 the eligible employee or the surviving insured dependents submit to the department,
4 on a form provided by the department, an application for the conversion. The
5 application shall include evidence satisfactory to the department to establish the
6 applicant's rights under this paragraph and the amount of the accumulated unused
7 sick leave that is eligible for the conversion. The accumulated unused sick leave shall
8 be converted under this paragraph, at the eligible employee's basic pay rate
9 immediately prior to termination of all creditable service, on the date of conversion
10 specified in par. (b) or on the last day of the 2nd month beginning after the date on
11 which the department receives the application under this paragraph, whichever is
12 later. Deductions from those credits, elections to delay initiation of those deductions
13 and premium payments shall be made as provided in par. (b).

14 **SECTION 5.** 40.05 (4) (bm) of the statutes is amended to read:

15 40.05 (4) (bm) Except as provided under par. (bp), accumulated unused sick
16 leave under ss. 36.30 and 230.35 (2) or 233.10 of any eligible employee shall, upon
17 request of the employee at the time the employde is subject to layoff under s. 40.02
18 (40), be converted at the employee's current basic pay rate to credits for payment of
19 health insurance or long-term care insurance premiums on behalf of the employee.
20 Any supplemental compensation that is paid to a state employee who is classified
21 under the state classified civil service as a teacher, teacher supervisor or education
22 director for the employee's completion of educational courses that have been
23 approved by the employee's employer is considered as part of the employee's basic
24 pay for purposes of this paragraph. The full amount of the required employee
25 contribution for any eligible employee who is insured at the time of the layoff shall

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1 be deducted from the credits until the credits are exhausted, the employee is
2 reemployed, or 5 years have elapsed from the date of layoff, whichever occurs first.

3 **SECTION 6.** 40.05 (4) (bp) 1. of the statutes is amended to read:

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

16 **SECTION 7.** 40.05 (4) (bw) of the statutes is amended to read:

17 40.05 (4) (bw) On converting accumulated unused sick leave to credits for the
18 payment of health insurance and long-term care insurance premiums under par. (b),
19 the department shall add additional credits, calculated in the same manner as are
20 credits under par. (b), that are based on a state employee's accumulated sabbatical
21 leave or earned vacation leave from the state employee's last year of service prior to
22 retirement, or both. The department shall apply the credits awarded under this
23 paragraph for the payment of health insurance and long-term care insurance
24 premiums only after the credits awarded under par. (b) are exhausted. This
25 paragraph applies only to state employees who are eligible for accumulated unused

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1 sick leave conversion under par. (b) and who are entitled to the benefits under this
2 paragraph pursuant to a collective bargaining agreement under subch. V of ch. 111.

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

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

14 **SECTION 9.** Subchapter IX (title) of chapter 40 [precedes 40.95] of the statutes
15 is amended to read:

16 **CHAPTER 40**

17 **SUBCHAPTER IX**

18 **HEALTH INSURANCE AND LONG-TERM**

19 **CARE INSURANCE**

20 **PREMIUM CREDITS**

21 **SECTION 10.** 40.95 (title) of the statutes is amended to read:

22 **40.95 (title) Health insurance and long-term care insurance premium**
23 **credits.**

24 **SECTION 11.** 40.95 (1) (a) (intro.) of the statutes is amended to read:

