

**2001 DRAFTING REQUEST**

**Bill**

Received: 10/28/2000

Received By: **champra**

Wanted: **As time permits**

Identical to LRB:

For: **Marlin Schneider (608) 266-0215**

By/Representing: **Himself**

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

Drafter: **champra**

May Contact:

Alt. Drafters:

Subject: **Employ Pub - retirement**  
**Employ Pub - employee benefits**

Extra Copies:

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Purchase of long-term care insurance under the Wisconsin retirement system

---

**Instructions:**

Redraft LRB 99-2931/2

---

**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>
/?	champra 11/06/2000	jdyer 11/20/2000		_____			State
/1			martykr 11/21/2000	_____	lrb_docadmin 11/21/2000	lrb_docadmin 01/17/2001	

FE Sent For:

<END>

2001 DRAFTING REQUEST

Bill

Received: 10/28/2000

Received By: champra

Wanted: As time permits

Identical to LRB:

For: Marlin Schneider (608) 266-0215

By/Representing: Himself

This file may be shown to any legislator: NO

Drafter: champra

May Contact:

Alt. Drafters:

Subject: Employ Pub - retirement  
Employ Pub - employee benefits

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Purchase of long-term care insurance under the Wisconsin retirement system

Instructions:

Redraft LRB 99-2931/2

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>
/?	champra 11/06/2000	jdye 11/20/2000		_____			State
/1			martykr 11/21/2000	_____	lrb_docadmin 11/21/2000		

FE Sent For:

<END>

2001 DRAFTING REQUEST

Bill

Received: 10/28/2000

Received By: champra

Wanted: As time permits

Identical to LRB:

For: Marlin Schneider (608) 266-0215

By/Representing: Himself

This file may be shown to any legislator: NO

Drafter: champra

May Contact:

Alt. Drafters:

Subject: Employ Pub - retirement  
Employ Pub - employee benefits

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Purchase of long-term care insurance under the Wisconsin retirement system

Instructions:

Redraft LRB 99-2931/2

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	11/20 jld	11/20	_____	_____	_____	_____

FE Sent For:

<END>



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-2931/2

RAC:wlj:km

LRB-0822/11

RAC:jld

soon

1999<sup>2001</sup> BILL

1

*gen. cat.*  
AN ACT to amend 40.04 (10), 40.04 (11), 40.05 (4) (b), 40.05 (4) (bc), 40.05 (4) (bf),  
2 40.05 (4) (bm), 40.05 (4) (bp) 1., 40.05 (4) (bw), 40.05 (4m), subchapter IX of  
3 chapter 40 [precedes 40.95], 40.95 (title), 40.95 (1) (a) (intro.), 40.95 (1) (b) and  
4 40.95 (2) of the statutes; relating to: using accumulated unused sick leave  
5 credits and certain health insurance premium credits for the purchase of  
6 long-term care insurance <sup>for participants</sup> under the Wisconsin retirement system.

6

*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.

**BILL**

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)<sup>X</sup> 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<sup>e</sup> 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. 40.04 (11)<sup>X</sup> of the statutes is amended to read:

16 40.04 (11) A health insurance and long-term care insurance premium credit  
17 account shall be maintained within the fund, to which shall be credited all moneys  
18 received under s. 40.05 (4) (by) for the payment of health insurance and long-term  
19 care insurance premiums, as dividends or premium credits arising from the  
20 operation of health insurance and long-term care insurance plans and from

**BILL**

1 investment income on any reserves established in the fund for health insurance and  
2 long-term care insurance purposes for retired employe<sup>e</sup>s and their surviving  
3 dependents. Premium payments to health and long-term care insurers authorized  
4 in subch. IX may only be charged to this account after all other health insurance and  
5 long-term care insurance premium credits under s. 40.05 (4) (b), (bc), (bf), (bm) and  
6 (bw) are exhausted. This subsection does not prohibit the direct payment of  
7 premiums to insurers when appropriate administrative procedures have been  
8 established for direct payments.

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

10 40.05 (4) (b) Except as provided under pars. (bc) and (bp), accumulated unused  
11 sick leave under ss. 13.121 (4), 36.30, 230.35 (2), 233.10 and 757.02 (5) and subch.  
12 I or V of ch. 111 of any eligible employe shall, at the time of death, upon qualifying  
13 for an immediate annuity or for a lump sum payment under s. 40.25 (1) or upon  
14 termination of creditable service and qualifying as an eligible employe under s. 40.02  
15 (25) (b) 6. or 10., be converted, at the employe's current basic pay rate, to credits for  
16 payment of health insurance and long-term care insurance premiums on behalf of  
17 the employe or the employe's surviving insured dependents. Any supplemental  
18 compensation that is paid to a state employe who is classified under the state  
19 classified civil service as a teacher, teacher supervisor or education director for the  
20 employe's completion of educational courses that have been approved by the  
21 employe's employer is considered as part of the employe's basic pay for purposes of  
22 this paragraph. The full premium for any eligible employe who is insured at the time  
23 of retirement, or for the surviving insured dependents of an eligible employe who is  
24 deceased, shall be deducted from the credits until the credits are exhausted and paid  
25 from the account under s. 40.04 (10), and then deducted from annuity payments, if

PWF

BILL

1 the annuity is sufficient. The department shall provide for the direct payment of  
 2 premiums by the insured to the insurer if the premium to be withheld exceeds the  
 3 annuity payment. Except as provided in par. (pd), upon conversion of an employe's  
 4 unused sick leave to credits under this paragraph or par. (bf) for the payment of  
 5 health insurance, the employe or, if the employe is deceased, the employe's surviving  
 6 insured dependents may elect to delay initiation of deductions from those credits for  
 7 up to 10 years after the date of the conversion if the employe or surviving insured  
 8 dependents are covered by a comparable health insurance plan or policy during the  
 9 period beginning on the date of the conversion and ending on the last day of the 2nd  
 10 month after the date on which the employe or surviving insured dependents later  
 11 elect to initiate deductions from those credits. A health insurance plan or policy is  
 12 considered comparable if it provides hospital and medical benefits that are  
 13 substantially equivalent to the standard health insurance plan established under s.

14 40.52 (1). Upon conversion of an employe's unused sick leave to credits under this  
 15 paragraph or par. (bf) for the payment of long-term care insurance, the employe<sup>e</sup> or,  
 16 if the employe is deceased, the employe's<sup>e</sup> surviving insured dependents may elect to  
 17 delay initiation of deductions from those credits for up to 10 years after the date of  
 18 the conversion. any period of time

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

20 40.05 (4) (bc) The accumulated unused sick leave of an eligible employe<sup>e</sup> under  
 21 s. 40.02 (25) (b) 6g. shall be converted to credits for the payment of health insurance  
 22 or long-term care insurance premiums on behalf of the employe<sup>e</sup> on the date on which  
 23 the department receives the employe's<sup>e</sup> application for a retirement annuity or for  
 24 lump sum payment under s. 40.25 (1). The employe's<sup>e</sup> unused sick leave shall be  
 25 converted at the eligible employe's<sup>e</sup> basic pay rate immediately prior to termination

Insert 4-15 ✓

PWF

**BILL**

1 of all creditable service. The full premium for the employe<sup>e</sup>, or for the surviving  
 2 insured dependents of the employe<sup>e</sup> if the employe<sup>e</sup> later becomes deceased, shall be  
 3 deducted from the credits until the credits are exhausted and paid from the account  
 4 under s. 40.04 (10), and then deducted from annuity payments, if the annuity is  
 5 sufficient. The department shall provide for the direct payment of premiums by the  
 6 insured to the insurer if the premium to be withheld exceeds the annuity payment.

7 **SECTION 5.** 40.05 (4) (bf)<sup>x</sup> of the statutes is amended to read:

8 40.05 (4) (bf) Any eligible employe<sup>e</sup> who was granted credit under s. 230.35 (1)  
 9 (gm) for service as a national guard technician, who, on December 31, 1965, had  
 10 accumulated unused sick leave that was based on service performed in this state as  
 11 a national guard technician before January 1, 1966, and who is a participating  
 12 employe<sup>e</sup> or terminated all creditable service after June 30, 1972, or, if the eligible  
 13 employe<sup>e</sup> is deceased, the surviving insured dependents of the eligible employe<sup>e</sup> may  
 14 have that accumulated unused sick leave converted to credits for the payment of  
 15 health insurance or long-term care insurance premiums on behalf of the eligible  
 16 employe<sup>e</sup> or the surviving insured dependents if, not later than November 30, 1996,  
 17 the eligible employe<sup>e</sup> or the surviving insured dependents submit to the department,  
 18 on a form provided by the department, an application for the conversion. The  
 19 application shall include evidence satisfactory to the department to establish the  
 20 applicant's rights under this paragraph and the amount of the accumulated unused  
 21 sick leave that is eligible for the conversion. The accumulated unused sick leave shall  
 22 be converted under this paragraph, at the eligible employe<sup>e</sup>'s basic pay rate  
 23 immediately prior to termination of all creditable service, on the date of conversion  
 24 specified in par. (b) or on the last day of the 2nd month beginning after the date on  
 25 which the department receives the application under this paragraph, whichever is

PWF



## BILL

1 later. Deductions from those credits, elections to delay initiation of those deductions  
2 and premium payments shall be made as provided in par. (b).

3 **SECTION 6.** 40.05 (4) (bm) <sup>X</sup> of the statutes is amended to read:

4 40.05 (4) (bm) Except as provided under par. (bp), accumulated unused sick  
5 leave under ss. 36.30 and 230.35 (2) or 233.10 of any eligible employe<sup>e</sup><sub>λ</sub> shall, upon  
6 request of the employe<sup>e</sup><sub>λ</sub> at the time the employe<sup>e</sup><sub>λ</sub> is subject to layoff under s. 40.02 (40),  
7 be converted at the employe<sup>e</sup><sub>λ</sub>'s current basic pay rate to credits for payment of health  
8 insurance or long-term care insurance premiums on behalf of the employe<sup>e</sup><sub>λ</sub>. Any  
9 supplemental compensation that is paid to a state employe<sup>e</sup><sub>λ</sub> who is classified under  
10 the state classified civil service as a teacher, teacher supervisor or education director  
11 for the employe<sup>e</sup><sub>λ</sub>'s completion of educational courses that have been approved by the  
12 employe<sup>e</sup><sub>λ</sub>'s employer is considered as part of the employe<sup>e</sup><sub>λ</sub>'s basic pay for purposes of  
13 this paragraph. The full amount of the required employe<sup>e</sup><sub>λ</sub> contribution for any eligible  
14 employe<sup>e</sup><sub>λ</sub> who is insured at the time of the layoff shall be deducted from the credits  
15 until the credits are exhausted, the employe<sup>e</sup><sub>λ</sub> is reemployed, or 5 years have elapsed  
16 from the date of layoff, whichever occurs first.

17 **SECTION 7.** 40.05 (4) (bp) <sup>X</sup> 1. of the statutes is amended to read:

18 40.05 (4) (bp) 1. Except as provided in subds. 2. and 3., for sick leave which  
19 accumulates beginning on August 1, 1987, conversion under par. (b) or (bm) of  
20 accumulated unused sick leave under s. 36.30 to credits for payment of health  
21 insurance and long-term care insurance premiums shall be limited to the annual  
22 amounts of sick leave specified in this subdivision. For faculty and academic staff  
23 personnel who are appointed to work 52 weeks per year, conversion is limited to 8.5  
24 days of sick leave per year. For faculty and academic staff personnel who are  
25 appointed to work 39 weeks per year, conversion is limited to 6.4 days of sick leave

**BILL**

1 per year. For faculty and academic staff personnel not otherwise specified,  
2 conversion is limited to a number of days of sick leave per year to be determined by  
3 the secretary by rule, in proportion to the number of weeks per year appointed to  
4 work.

5 **SECTION 8.** 40.05 (4) (bw)<sup>x</sup> of the statutes is amended to read:

6 40.05 (4) (bw) On converting accumulated unused sick leave to credits for the  
7 payment of health insurance and long-term care insurance premiums under par. (b),  
8 the department shall add additional credits, calculated in the same manner as are  
9 credits under par. (b), that are based on a state employe<sup>e</sup>'s accumulated sabbatical  
10 leave or earned vacation leave from the state employe<sup>e</sup>'s last year of service prior to  
11 retirement, or both. The department shall apply the credits awarded under this  
12 paragraph for the payment of health insurance and long-term care insurance  
13 premiums only after the credits awarded under par. (b) are exhausted. This  
14 paragraph applies only to state employe<sup>e</sup>s who are eligible for accumulated unused  
15 sick leave conversion under par. (b) and who are entitled to the benefits under this  
16 paragraph pursuant to a collective bargaining agreement under subch. V of ch. 111.

17 **SECTION 9.** 40.05 (4m)<sup>x</sup> of the statutes is amended to read:

18 40.05 (4m) LONG-TERM CARE INSURANCE PREMIUMS. For any long-term care  
19 insurance policies provided under s. 40.55, the entire premium shall be paid as a  
20 deduction under s. 40.06 (1) (a) from an employe<sup>e</sup>'s earnings or a state annuitant's  
21 annuity or deducted from credits in accounts under s. 40.04 (10) or (11) for  
22 participants eligible to use the credits for the purchase of long-term care insurance,  
23 except that if an eligible employe<sup>e</sup> is not on a state payroll or receives earnings that  
24 are insufficient to cover premium payments or a state annuitant receives an annuity  
25 that is not sufficient to cover premium payments, the eligible employe<sup>e</sup> or state

PWF

**BILL**

1 annuitant shall make premium payments directly to the insurer. There shall be no  
2 employer contributions.

3 SECTION 10. Subchapter IX<sup>(title)</sup> of chapter 40 [precedes 40.95] of the statutes is  
4 amended to read:

**CHAPTER 40**

**SUBCHAPTER IX**

**HEALTH INSURANCE AND LONG-TERM**

**CARE INSURANCE**

**PREMIUM CREDITS**

10 SECTION 11. 40.95 (title)<sup>X</sup> of the statutes is amended to read:

11 **40.95 (title) Health insurance and long-term care insurance premium**  
12 **credits.**

13 SECTION 12. 40.95 (1) (a) (intro.)<sup>X</sup> of the statutes is amended to read:

14 40.95 (1) (a) (intro.) Subject to sub. (2), the department shall administer a  
15 program that provides health insurance and long-term care insurance premium  
16 credits for the purchase of health insurance or long-term care insurance for a retired  
17 employe<sup>e</sup>, or the retired employe<sup>e</sup>'s surviving insured dependents, for the benefit of an  
18 eligible employe<sup>e</sup> whose compensation includes such health insurance premium  
19 credits and who satisfies at least one of the following:

20 SECTION 13. 40.95 (1) (b)<sup>X</sup> of the statutes is amended to read:

21 40.95 (1) (b) The health insurance and long-term care insurance premium  
22 credits shall be based on the employe<sup>e</sup>'s years of continuous service, accumulated  
23 unused sick leave and any other factor specified as part of the employe<sup>e</sup>'s  
24 compensation.

25 SECTION 14. 40.95 (2)<sup>X</sup> of the statutes is amended to read:

RWF

**BILL**

RWF

1  
2  
3  
4  
5  
6  
7

40.95 (2) The department is not required to administer any program that provides health insurance and long-term care insurance premium credits for the purchase of health insurance or long-term care insurance for a retired employe<sup>e</sup>, or the retired employe<sup>e</sup>'s surviving insured dependents, if the department determines that the program does not conform to the program approved by the joint committee on employment relations under s. 230.12 (9).

(END)

4-15

X

Section #. 40.05 (4) (b) of the statutes is amended to read:

40.05 (4) (b) Except as provided under pars. (bc) and (bp), accumulated unused sick leave under ss. 13.121 (4), 36.30, 230.35 (2), 233.10 and 757.02 (5) and subch. I or V of ch. 111 of any eligible employee shall, at the time of death, upon qualifying for an immediate annuity or for a lump sum payment under s. 40.25 (1) or upon termination of creditable service and qualifying as an eligible employee under s. 40.02 (25) (b) 6. or 10., be converted, at the employee's current basic pay rate, to credits for payment of health insurance <sup>and long-term care insurance</sup> premiums on behalf of the employee or the employee's surviving insured dependents. Any supplemental compensation that is paid to a state employee who is classified under the state classified civil service as a teacher, teacher supervisor or education director for the employee's completion of educational courses that have been approved by the employee's employer is considered as part of the employee's basic pay for purposes of this paragraph. The full premium for any eligible employee who is insured at the time of retirement, or for the surviving insured dependents of an eligible employee who is deceased, shall be deducted from the credits until the credits are exhausted and paid from the account under s. 40.04 (10), and then deducted from annuity payments, if the annuity is sufficient. The department shall provide for the direct payment of premiums by the insured to the insurer if the premium to be withheld exceeds the annuity payment. Except as provided in par. (bd), upon conversion of an employee's unused sick leave to credits under this paragraph or par. (bf), <sup>for the payment of health insurance,</sup> the employee or, if the employee is deceased, the employee's surviving insured dependents may elect to delay initiation of deductions from those credits for any period of time if the employee or surviving insured dependents are covered by a comparable health insurance plan or policy during the period beginning on the date of the conversion and ending on the last day of the 2nd month after the date on which the employee or surviving insured dependents later elect to initiate deductions from those credits. A health insurance plan or policy is considered



comparable if it provides hospital and medical benefits that are substantially equivalent to the standard health insurance plan established under s. 40.52 (1). NO  
A

**History:** 1981 c. 96, 274, 278, 386; 1983 a. 9 s. 6; 1983 a. 27, 30; 1983 a. 46 ss. 2 to 4, 7; 1983 a. 140; 1983 a. 141 ss. 7 to 12, 20; 1983 a. 290, 504, 538; 1985 a. 29, 119, 135, 225; 1987 a. 27, 83, 107, 309, 356, 363; 1987 a. 403 s. 256; 1989 a. 13, 14, 31, 119, 122, 166, 182, 189, 230, 336, 355, 359; 1991 a. 32, 39, 107, 113, 141, 152, 189, 269; 1995 a. 27, 81, 88, 89, 240, 302; 1997 a. 35, 58, 149; 1999 a. 9, 11, 13, 104.

end of  
4-15



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
5TH FLOOR  
MADISON, WI 53701-2037

STEPHEN R. MILLER  
CHIEF

LEGAL SECTION: (608) 266-3561  
LEGAL FAX: (608) 264-6948

November 21, 2000

### MEMORANDUM

To: Representative Schneider

From: Rick A. Champagne, Senior Attorney

Re: LRB-0822 Purchase of long-term care insurance under the Wisconsin retirement system

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

JACKET FOR ASSEMBLY  JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-9930 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.

LRB-0822/1  
RAC

CCC

AB-69

# Page 5, line 17: delete "employde" and  
substitute "employee".

SLD





State of Wisconsin  
2001-2002 LEGISLATURE

**CORRECTIONS IN:**

**2001 ASSEMBLY BILL 69**

Prepared by the Legislative Reference Bureau  
(April 12, 2001)

1. Page 5, line 17: delete "employde" and substitute "employee".