

**2001 DRAFTING REQUEST**

**Bill**

Received: 11/02/2000

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Maternowski**

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

Drafter: **champra**

May Contact:

Alt. Drafters: **kahlepj**

Subject: **Employ Pub - collective bargain  
Insurance - health**

Extra Copies: **PG, MJL**

**Pre Topic:**

DOA:.....Maternowski -

**Topic:**

Selection of health insurer by school districts and subjects of collective bargaining

**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 11/30/2000 kahlepj 11/30/2000	hhagen 12/01/2000	martykr 12/01/2000	_____	lrb_docadmin 12/01/2000		S&L
/2	champra 01/03/2001	hhagen 01/03/2001	rschluet 01/05/2001	_____	lrb_docadmin 01/05/2001		S&L
/3	champra 01/06/2001	wjackson 01/06/2001	martykr 01/06/2001	_____	lrb_docadmin 01/07/2001		S&L
/4	champra	hhagen	pgreensl	_____	lrb_docadmin		S&L

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	01/08/2001	01/08/2001	01/08/2001	_____	01/08/2001		

FE Sent For:

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/3	champra 01/06/2001	wjackson 01/06/2001 <i>14 hmkh 1/8/01</i>	martykr 01/06/2001	_____	lrb_docadmin 01/07/2001		S&L
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Kam 1/6

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Pre Topic:

DOA:.....Maternowski -


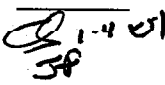
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	kahlepj 11/30/2000	12 hmb 1/3/01	 1-4-01	 1-4-01 38			

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1?	champra	11 hmk 12/1	Xm 12/1	RS 12/1 Xm			

FE Sent For:

<END>

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF EXECUTIVE BUDGET AND FINANCE  
DCA-5167 N(R08/95)

### FACSIMILE COVER MESSAGE

**CONFIDENTIALITY:** This facsimile transmission is intended only for the use of the individual or entity to which it is addressed. It may contain information which is privileged, confidential or exempt from disclosure under applicable law.

If the reader of this message is not the intended recipient, you are notified that any review, use copying, or dissemination or distribution of the contents other than to the addressee of this communication, is strictly prohibited.

If you received this communication in error, notify the sender immediately by telephone. If required for confidential purposes, the sender will provide instructions for returning the FAX message by U.S. mail.

THE FACSIMILE MACHINE COPIES ONE SIDE OF DOCUMENT

<b>TO</b>		
Name	Richard Champagne	Facsimile Telephone Number 41-8522
Location	L2D	Room Number Telephone Number 6-9930
<b>FROM (Sender)</b>		
Name	Peter Peterowski	Facsimile Telephone Number (608) 267-0372
Location	101 East Wilson Street, 10th Floor, Madison, WI 53702	Number of Pages Including This Cover Sheet 3 Telephone Number

COMMENTS / INSTRUCTIONS

The language I mentioned -

608 261 6804

NOV 16 '00 08:10AM GOVERNORS OFFICE

P. 2/4



122 W. WASHINGTON AVENUE, MADISON, WI 53703  
 PHONE: 608-257-2622 • FAX: 608-257-8386

KEN COLE, EXECUTIVE DIRECTOR

To: Bill Stelger, Policy Advisor  
 Ed Sonntag, Policy Advisor  
 Katherine Hildebrand, Policy Advisor  
 Office of Governor Tommy Thompson

Fr: Pam Rowey, Director of Legislative Services  
 Annette Talis, Legislative Services Coordinator  
 Sheri Krause, Legislative Services Coordinator

Re: Budget Ideas

Dt: September 6, 2000

This memorandum provides three budget suggestions that would be beneficial to school districts.

### **Health Care Costs/Bargaining**

Currently, the costs for health insurance in many school districts are rising at double-digit rates. Although the state has partially addressed this in statute with bidding requirements in s. 120.12, the current law is not working as it should.

Under s. 120.12, school boards are required to solicit sealed bids from group health care providers for school professional employees. At the same time, school boards are also required to bargain over any changes in health benefits. Health insurance providers do not typically offer identical plans. Certain plans may be similar, but switching providers would require collective bargaining over minor variations in benefit levels. This makes it nearly impossible for school boards to use s. 120.12 to switch providers.

A solution to this problem would be to make the selection of health care providers that offer *substantially similar* coverage a permissive subject of bargaining within the collective bargaining law. That means a school board would have the ability to switch providers if the major provisions of the policies are equivalent. To define substantially similar for the purposes of sealed bids, s. 120.12 could be amended to require the Office of the Commissioner of Insurance to develop a standardized benefit summary by rule, such as the one attached. If all the provisions of the standardized benefit summary were equivalent for two health insurance bidders, then the coverage would be considered substantially similar. If the collective bargaining law were changed as suggested, districts would not have to bargain over switching health care providers in those instances.

Under the current QEO formula, much of the insurance cost savings would be converted to teacher salaries, which is the primary focus of collective bargaining for many employees. This would reduce pressure on school boards that are now paying both high benefit costs and attempting to provide reasonable pay increases.



## HEALTH INSURANCE

### Benefit Summary

This Benefit Summary provides important information about reimbursement limits which apply to your health insurance benefits. It also specifies what amendments, if any, apply to your coverage. Many of the terms used below are explained in Section 4 of your Group Health Insurance Policy and Certificate. Your Policy describes your benefits and the exclusions and limitations that apply to them. We encourage you to read it.

Employer:

Effective Date: 1/01/98

**Benefit Period:** January through December Does Not Include Carryover

**Maximum Deductible:** \$100 per Individual, \$200 per Family

**Prescription Drug Copayment:** \$10 brand name; \$7 generic  
**Prescription Drug Coinsurance Amount:** 100%

**Stop Loss:** Stop Loss equals the deductible; does not include either copayments for prescription drugs or coinsurance amounts you pay for covered mental health and substance abuse expenses and prescription drugs

**Maximum Aggregate Benefit:** \$1,000,000 per individual

**Services Which Require Preauthorization:**

Durable medical equipment  
 Growth hormone  
 Home health care  
 Hospice  
 Inpatient hospitalization (preadmission hospital review)

Presurgical second opinion consultations  
 Reconstructive or plastic surgery  
 Therapy (physical, speech, occupational) and rehabilitation services exceeding 8 weeks  
 Transplantation procedures  
 Treatment of TMJ, MPD, or TMD

**Reimbursement of Covered Expenses**

Covered expenses for all services except mental health and substance abuse services and prescription drugs

Subject to  
Deductible

Coinsurance  
Payable at

Yes

100%

Covered expenses for mental health and substance abuse services

First \$3,000 in covered expenses for transitional treatment services per individual per Benefit Period

No

90%

First \$2,000 in covered expenses for outpatient treatment services per individual per Benefit Period

No

100%

Subsequent covered expenses for transitional and outpatient services per individual per Benefit Period

No

80%

**Amendments Which Apply to Your Policy:**

Extraction and Initial Replacement Benefit



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0911/1  
RAC&PJK:.....  
hmk

DOA:.....Maternowski – Selection of health insurer by school districts and subjects of collective bargaining

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SOON  
(11-30)

do not  
you cut

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

*Analysis by the Legislative Reference Bureau*

**EMPLOYMENT**

Under the municipal employment relations act (MERA), the selection of any group health care benefits provider for municipal employees, including school district employees, is treated as a mandatory subject of collective bargaining if the selection of the provider primarily relates to the wages, hours, and working conditions of the employees. Generally, the selection of the provider is a mandatory subject of collective bargaining whenever the provider offers health care benefits coverage that differs in any way from that offered by other providers.

This bill provides that the selection of any group health care benefits provider for school district professional employees is treated as a permissive subject of collective bargaining under MERA (which means that the employer is not required to bargain <sup>with</sup> which respect to the subject) if the provider offers health care benefits coverage that is "substantially similar" to that offered by other providers in bids submitted to school districts. Under the bill, OCI must promulgate rules that set out a standardized summary of health care benefits for use in determining whether coverage offered by different providers that submit bids to school districts is "substantially similar."

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:*

X  
1 SECTION 1. 111.70 (1) (a) of the statutes is amended to read:

2 111.70 (1) (a) “Collective bargaining” means the performance of the mutual  
3 obligation of a municipal employer, through its officers and agents, and the  
4 representative of its municipal employees in a collective bargaining unit, to meet and  
5 confer at reasonable times, in good faith, with the intention of reaching an  
6 agreement, or to resolve questions arising under such an agreement, with respect to  
7 wages, hours, and conditions of employment, and with respect to a requirement of the  
8 municipal employer for a municipal employee to perform law enforcement and fire  
9 fighting services under s. 61.66, except as provided in sub. (4) (m) and (o) and s. 40.81  
10 (3) and except that a municipal employer shall not meet and confer with respect to  
11 any proposal to diminish or abridge the rights guaranteed to municipal employees  
12 under ch. 164. The duty to bargain, however, does not compel either party to agree  
13 to a proposal or require the making of a concession. Collective bargaining includes  
14 the reduction of any agreement reached to a written and signed document. The  
15 municipal employer shall not be required to bargain on subjects reserved to  
16 management and direction of the governmental unit except insofar as the manner  
17 of exercise of such functions affects the wages, hours, and conditions of employment  
18 of the municipal employees in a collective bargaining unit. In creating this  
19 subchapter the legislature recognizes that the municipal employer must exercise its  
20 powers and responsibilities to act for the government and good order of the  
21 jurisdiction which it serves, its commercial benefit and the health, safety, and welfare

1 of the public to assure orderly operations and functions within its jurisdiction,  
2 subject to those rights secured to municipal employees by the constitutions of this  
3 state and of the United States and by this subchapter.

History: 1971 c. 124, 246, 247, 307, 336; 1973 c. 64, 65; 1977 c. 178, 186, 272, 442, 449; 1979 c. 32 s. 92 (15); 1981 c. 20, 112, 187; 1983 a. 189, 192; 1985 a. 29; 1985 a. 182 s. 57; 1985 a. 318; 1987 a. 153, 399; 1991 a. 136; 1993 a. 16, 429, 492; 1995 a. 27, 225, 289; 1997 a. 27, 237; 1999 a. 9, 65; 1999 a. 150 s. 672.

4 **SECTION 2.** 111.70 (4) (o) of the statutes is created to read:

5 111.70 (4) (o) *Permissive subjects of collective bargaining.* In a school district,  
6 the municipal employer is not required to bargain collectively with respect to the  
7 selection of any group health care benefits provider for school district professional  
8 employees if the provider offers health care benefits coverage that is substantially  
9 similar to that offered by other providers in bids submitted under s. 120.12 (24).  
10 Rules promulgated by the office of the commissioner of insurance under s. 601.415  
11 (13) shall be used to determine if health care benefits coverage offered by different  
12 providers is substantially similar.

13 **SECTION 3.** 601.415 (13) of the statutes is created to read:

14 601.415 (13) SUBSTANTIALLY SIMILAR HEALTH CARE BENEFITS COVERAGE RULES. The  
15 commissioner shall promulgate the rules required under s. 111.70 (4) (o), setting out  
16 a standardized summary of benefits provided under health care coverage policies  
17 and plans for use in determining benefit similarities and differences among policies  
18 and plans.

19 **SECTION 9317. Initial applicability; employment relations commission.**

20 (1) SCHOOL DISTRICTS; PERMISSIVE SUBJECTS OF BARGAINING. The treatment of  
21 sections 111.70 (1) (a) and (4) (o) and 601.415 (13) of the statutes first applies to  
22 collective bargaining agreements for which notices of commencement of contract

1 negotiations have been filed with the employment relations commission under  
2 section 111.70 (4) (cm) 1. of the statutes on the effective date of this subsection.

3 (END)

## Champagne, Rick

---

**From:** Maternowski, Peter  
**Sent:** Wednesday, January 03, 2001 1:50 PM  
**To:** Champagne, Rick  
**Subject:** Revision to LRB - 0911/1

Rick,

Draft 0911/1 makes the selection of a health care provider a permissive subject of bargaining, if the provider offers a package that is substantially similar to other providers.

Under the QEO law, a school district is exempt from binding arbitration if it makes a valid qualified economic offer. A valid QEO must maintain the existing fringe benefits package and offer at least a 3.8% increase in total compensation.

Please revise the draft to ensure that, all other things being the same, a school district that takes advantage of the provision included in draft 0911/1 will still be able to make a qualified economic offer.

Peter Maternowski  
State Budget Office  
608-266-1923  
[peter.maternowski@doa.state.wi.us](mailto:peter.maternowski@doa.state.wi.us)



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0911/r 2

RAC&PJK:hmb:km

Estay  
RMR

Soon

DOA:.....Maternowski – Selection of health insurer by school districts and subjects of collective bargaining

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

do not gen. cat.

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Insert Budget →

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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6 agreement, or to resolve questions arising under such an agreement, with respect to  
7 wages, hours, and conditions of employment, and with respect to a requirement of  
8 the municipal employer for a municipal employee to perform law enforcement and  
9 fire fighting services under s. 61.66, except as provided in sub. (4) (m) and (o) and s.  
10 40.81 (3) and except that a municipal employer shall not meet and confer with respect  
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19 subchapter the legislature recognizes that the municipal employer must exercise its  
20 powers and responsibilities to act for the government and good order of the  
21 jurisdiction which it serves, its commercial benefit and the health, safety, and



Insert  
3-3

1 welfare of the public to assure orderly operations and functions within its  
2 jurisdiction, subject to those rights secured to municipal employees by the  
3 constitutions of this state and of the United States and by this subchapter.

4 **SECTION 2. 111.70 (4) (o) of the statutes is created to read:**

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13 **SECTION 3. 601.415 (13) of the statutes is created to read:**

14 **601.415 (13) SUBSTANTIALLY SIMILAR HEALTH CARE BENEFITS COVERAGE RULES.** The  
15 commissioner shall promulgate the rules required under s. 111.70 (4) (o), setting out  
16 a standardized summary of benefits provided under health care coverage policies  
17 and plans for use in determining benefit similarities and differences among policies  
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21 sections 111.70 (1) (a) <sup>and (cnc) i.a.</sup> and (4) (o) <sup>(nc)</sup> and 601.415 (13) of the statutes first applies to  
22 collective bargaining agreements for which notices of commencement of contract  
23 negotiations have been filed with the employment relations commission under  
24 section 111.70 (4) (cm) 1. of the statutes on the effective date of this subsection.

25 (END)

2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0911/2ins  
RAC&PJK:hmh:km

**Insert Analysis:**

Under MERA, in local government employment other than law enforcement and fire fighting employment, if a dispute relating to the terms of a proposed collective bargaining agreement has not been settled after a reasonable period of negotiation and after mediation by the Wisconsin employment relations commission (WERC), either party, or the parties jointly, may petition WERC to initiate compulsory, final, and binding arbitration with respect to any dispute relating to wages, hours, and conditions of employment. If WERC determines that an impasse exists and that arbitration is required, WERC must submit to the parties a list of 7<sup>seven</sup> arbitrators, from which the parties alternately strike names until one arbitrator is left. As an alternative to a single arbitrator, WERC may provide for an arbitration panel that consists of one person selected by each party and one person selected by WERC. As a further alternative, WERC may also provide a process that allows for a random selection of a single arbitrator from a list of 7<sup>seven</sup> names submitted by WERC. Under current law, an arbitrator or arbitration panel must adopt the final offer of one of the parties on all disputed issues, which is then incorporated into the collective bargaining agreement.

This process, however, does not apply to a dispute over economic issues involving a collective bargaining unit consisting of school district professional employees if WERC determines that the employer has submitted a qualified economic offer (QEO). Under current law, a QEO consists of a proposal to maintain the percentage contribution by the employer to the employees' existing fringe benefit costs and to maintain all of the employees' existing fringe benefits and to provide for an annual average salary increase having a cost to the employer at least equal to 2.1% of the existing total compensation and fringe benefit costs for the employees in the collective bargaining unit plus any fringe benefit savings.

This bill provides that a QEO need only provide substantially similar health care benefits, not all of the health care benefits.

**Insert 3-3:**

SECTION 1. 111.70 (1) (nc) 1. a. of the statutes is amended to read:

111.70 (1) (nc) 1. a. A proposal to maintain the percentage contribution by the municipal employer to the municipal employees' existing fringe benefit costs as determined under sub. (4) (cm) 8s., and to maintain all fringe benefits provided to the municipal employees in a collective bargaining unit, except that with respect to health care benefits, to maintain substantially similar health care benefits, as such contributions and benefits existed on the 90th day prior to expiration of any previous

collective bargaining agreement between the parties, or the 90th day prior to commencement of negotiations if there is no previous collective bargaining agreement between the parties.

**History:** 1971 c. 124, 246, 247, 307, 336; 1973 c. 64, 65; 1977 c. 178, 186, 272, 442, 449; 1979 c. 32 s. 92 (15); 1981 c. 20, 112, 187; 1983 a. 189, 192; 1985 a. 29; 1985 a. 182 s. 57; 1985 a. 318; 1987 a. 153, 399; 1991 a. 136; 1993 a. 16, 429, 492; 1995 a. 27, 225, 289; 1997 a. 27, 237; 1999 a. 9, 65; 1999 a. 150 s. 672.

## Champagne, Rick

---

**From:** Maternowski, Peter  
**Sent:** Friday, January 05, 2001 6:23 PM  
**To:** Champagne, Rick  
**Subject:** Draft 0911/2

Rick,

The revision to 0911/1 includes language altering the QEO language to allow a district to offer a QEO even if it switches to a health care provider that offers a "substantially similar" rather than identical health care package.

Specifically the draft amends s. 117.70 (1) (nc) 1 a.

The phrase 'maintain all fringe benefits provided to the municipal employees' also occurs in ss. 117.70 (1) (nc) 1 b , c and sub 2.

Does language broadening the maintenance of fringe benefits to include maintaining substantially similar health care benefits need to be inserted in these places as well?

Thanks for your help.

Peter Maternowski  
State Budget Office  
608-266-1923  
[peter.maternowski@doa.state.wi.us](mailto:peter.maternowski@doa.state.wi.us)



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0911/2 3  
RAC&PJK:hmb/hrs  
RMR WJ

Sean

DOA:.....Maternowski – Selection of health insurer by school districts and subjects of collective bargaining

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

DO NOT GEN

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This process, however, does not apply to a dispute over economic issues involving a collective bargaining unit consisting of school district professional employes if WERC determines that the employer has submitted a qualified economic offer (QEO). Under current law, a QEO consists of a proposal to maintain the percentage contribution by the employer to the employees' existing fringe benefit costs and to maintain all of the employees' existing fringe benefits and to provide for an annual average salary increase having a cost to the employer at least equal to 2.1% of the existing total compensation and fringe benefit costs for the employees in the collective bargaining unit plus any fringe benefit savings.

This bill provides that a QEO need only provide substantially similar health care benefits, not all of the health care benefits.

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1           SECTION 1. 111.70 (1) (a) of the statutes is amended to read:

2           111.70 (1) (a) "Collective bargaining" means the performance of the mutual  
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6 agreement, or to resolve questions arising under such an agreement, with respect to  
7 wages, hours, and conditions of employment, and with respect to a requirement of

1 the municipal employer for a municipal employee to perform law enforcement and  
2 fire fighting services under s. 61.66, except as provided in sub. (4) (m) and (o) and s.  
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4 to any proposal to diminish or abridge the rights guaranteed to municipal employees  
5 under ch. 164. The duty to bargain, however, does not compel either party to agree  
6 to a proposal or require the making of a concession. Collective bargaining includes  
7 the reduction of any agreement reached to a written and signed document. The  
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9 management and direction of the governmental unit except insofar as the manner  
10 of exercise of such functions affects the wages, hours, and conditions of employment  
11 of the municipal employees in a collective bargaining unit. In creating this  
12 subchapter the legislature recognizes that the municipal employer must exercise its  
13 powers and responsibilities to act for the government and good order of the  
14 jurisdiction which it serves, its commercial benefit and the health, safety, and  
15 welfare of the public to assure orderly operations and functions within its  
16 jurisdiction, subject to those rights secured to municipal employees by the  
17 constitutions of this state and of the United States and by this subchapter.

18 **SECTION 2.** 111.70 (1) (nc) 1. a. of the statutes is amended to read:

19 ~~111.70 (1) (nc) 1. a. A proposal to maintain the percentage contribution by the  
20 municipal employer to the municipal employees' existing fringe benefit costs as  
21 determined under sub. (4) (cm) 8s., and to maintain all fringe benefits provided to  
22 the municipal employees in a collective bargaining unit, except that with respect to  
23 health care benefits, to maintain substantially similar health care benefits, as such  
24 contributions and benefits existed on the 90th day prior to expiration of any previous  
25 collective bargaining agreement between the parties, or the 90th day prior to~~

1 commencement of negotiations if there is no previous collective bargaining  
2 agreement between the parties.

3 SECTION 3. 111.70 (4) (o) of the statutes is created to read:

4 111.70 (4) (o) *Permissive subjects of collective bargaining.* In a school district,  
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6 selection of any group health care benefits provider for school district professional  
7 employees if the provider offers health care benefits coverage that is substantially  
8 similar to that offered by other providers in bids submitted under s. 120.12 (24).  
9 Rules promulgated by the office of the commissioner of insurance under s. 601.415  
10 (13) shall be used to determine if health care benefits coverage offered by different  
11 providers is substantially similar.

Insert 4-02

12 SECTION 4. 601.415 (13) of the statutes is created to read:

13 601.415 (13) SUBSTANTIALLY SIMILAR HEALTH CARE BENEFITS COVERAGE RULES. The  
14 commissioner shall promulgate the rules required under s. 111.70 (4) (o), setting out  
15 a standardized summary of benefits provided under health care coverage policies  
16 and plans for use in determining benefit similarities and differences among policies  
17 and plans.

(cm) 8s. b. and

18 SECTION 9317. Initial applicability; employment relations commission.

19 (1) SCHOOL DISTRICTS; PERMISSIVE SUBJECTS OF BARGAINING. The treatment of  
20 sections 111.70 (1) (a) ~~and (c) 1. a~~ and (4) (o) and 601.415 (13) of the statutes first  
21 ~~applies~~ apply to collective bargaining agreements for which notices of commencement of  
22 contract negotiations have been filed with the employment relations commission  
23 under section 111.70 (4) (cm) 1. of the statutes on the effective date of this subsection.

of the statutes

24 (END)

the amendment of section 111.70 (4) (cm) 8s. b. and the creation of section 111.70 (4) (cm) 8s. b. of the statutes



**2001-2002 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0911/3ins  
RAC&PJK:hmh:rs

**Insert 4-<sup>g</sup>12:**

**SECTION 1.** 111.70 (4) (cm) 8s. <sup>1</sup>of the statutes is amended to read:

111.70 (4) (cm) 8s. 'Forms for determining costs; determination of fringe benefits coverage.' a. The commission shall prescribe forms for calculating the total increased cost to the municipal employer of compensation and fringe benefits provided to school district professional employees. The cost shall be determined based upon the total cost of compensation and fringe benefits provided to school district professional employees who are represented by a labor organization on the 90th day before expiration of any previous collective bargaining agreement between the parties, or who were so represented if the effective date is retroactive, or the 90th day prior to commencement of negotiations if there is no previous collective bargaining agreement between the parties, without regard to any change in the number, rank or qualifications of the school district professional employees. For purposes of such determinations, any cost increase that is incurred on any day other than the beginning of the 12-month period commencing with the effective date of the agreement or any succeeding 12-month period commencing on the anniversary of that effective date shall be calculated as if the cost increase were incurred as of the beginning of the 12-month period beginning on the effective date or anniversary of the effective date in which the cost increase is incurred. In each collective bargaining unit to which subd. 5s. applies, the municipal employer shall transmit to the commission and the labor organization a completed form for calculating the total increased cost to the municipal employer of compensation and fringe benefits

provided to the school district professional employees covered by the agreement as soon as possible after the effective date of the agreement.

**History:** 1971 c. 124, 246, 247, 307, 336; 1973 c. 64, 65; 1977 c. 178, 186, 272, 442, 449; 1979 c. 32 s. 92 (15); 1981 c. 20, 112, 187; 1983 a. 189, 192; 1985 a. 29; 1985 a. 182 s. 57; 1985 a. 318; 1987 a. 153, 399; 1991 a. 136; 1993 a. 16, 429, 492; 1995 a. 27, 225, 289; 1997 a. 27, 237; 1999 a. 9, 65; 1999 a. 150 s. 672.

**SECTION 2. 111.70 (4) (cm) 8s. b. of the statutes is created to read:**

111.70 (4) (cm) 8s. b. For the purpose of determining whether fringe benefits provided to municipal employees are maintained by a municipal employer under a qualified economic offer, the commission shall consider substantially similar health care benefits to be identical to existing health care benefits. Rules promulgated by the office of the commissioner of insurance under s. 601.415 (13) shall be used to determine if the health care benefits are substantially similar.

## Champagne, Rick

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**From:** Maternowski, Peter  
**Sent:** Monday, January 08, 2001 8:48 AM  
**To:** Champagne, Rick  
**Subject:** RE: LRB-0911/3

Rick,

Thanks for the clarification. I appreciate the equity concern.

However, please revise the draft so that the provision applies to contracts that are entered into after the effective date of the budget.

Peter Maternowski  
State Budget Office  
608-266-1923  
[peter.maternowski@doa.state.wi.us](mailto:peter.maternowski@doa.state.wi.us)

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

**From:** Champagne, Rick  
**Sent:** Monday, January 08, 2001 8:23 AM  
**To:** Maternowski, Peter  
**Subject:** RE: LRB-0911/3

Peter:

Since the earliest that this will be signed into law is probably sometime in August, you may impose this condition on negotiations that are already in progress. Legally, the only thing that you cannot do is violate contracts already in place for 2001-03. Hence, we could have it apply to contracts entered into after the effective date of the budget bill. This would mean that for those parties that have already entered into contracts for 2001-03, there would be no new prohibited subject, but for those parties that have not entered into the 2001-03 contracts there would be an additional prohibited subject. This may raise equity concerns. Let me know what you decide.

Rick

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

**From:** Maternowski, Peter  
**Sent:** Saturday, January 06, 2001 4:17 PM  
**To:** Champagne, Rick  
**Subject:** LRB-0911/3

Rick,

Thanks for redrafting this item.

Is it possible to make the applicability apply to any collective bargaining agreement that covers the 2001-2003 biennium? This is the same issue I asked about in reference to the School Commencement draft (LRB-1392/1).

Peter Maternowski  
State Budget Office  
608-266-1923  
[peter.maternowski@doa.state.wi.us](mailto:peter.maternowski@doa.state.wi.us)



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0911/3  
RAC&PJK:hmh/aw/km

*soon*

*4*  
*keep wli*  
*RMK*  
*sorry*

DOA:.....Maternowski – Selection of health insurer by school districts and subjects of collective bargaining

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

*do not gen*

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

*Analysis by the Legislative Reference Bureau*

**EMPLOYMENT**

Under the municipal employment relations act (MERA), the selection of any group health care benefits provider for municipal employees, including school district employees, is treated as a mandatory subject of collective bargaining if the selection of the provider primarily relates to the wages, hours, and working conditions of the employees. Generally, the selection of the provider is a mandatory subject of collective bargaining whenever the provider offers health care benefits coverage that differs in any way from that offered by other providers.

This bill provides that the selection of any group health care benefits provider for school district professional employees is treated as a permissive subject of collective bargaining under MERA (which means that the employer is not required to bargain with respect to the subject) if the provider offers health care benefits coverage that is "substantially similar" to that offered by other providers in bids submitted to school districts. Under the bill, OCI must promulgate rules that set out a standardized summary of health care benefits for use in determining whether coverage offered by different providers that submit bids to school districts is "substantially similar."

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19 relations commission under section 111.70 (4) (cm) 1. of the statutes on the effective  
20 date of this subsection.

21 (END)

*that expire or are extended, modified, or renewed, whichever occurs first, on the effective date of this subsection*





State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0911/4

RAC&PJK:hmh&wlj:pg

DOA:.....Maternowski – Selection of health insurer by school districts and subjects of collective bargaining

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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