Draft
SB 400
9

February 8, 2000

TO: ALL LEGISLATORS

FROM: SENATOR JIM BAUMGART

RE: COSPONSORING LRB 2980/1 – relating to providing health insurance coverage for certain local government employees and officers who have terminated local government employment

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This legislation will allow local government employees the option of continuing to be covered under by an employer sponsored health insurance policy. The employee will be responsible for the entire premium.

If you would like to sign on to **LRB 2980/1**, please call my office at **6-2056** by **Monday, February 14, 2000**.

Analysis by the Legislative Reference Bureau

Under current law, a political subdivision (city, village, town or county) may provide health insurance coverage for its officers and employees. Cities and villages, under their home rule authority, may also provide such insurance to their retired employees or officers if the employees or officers pay the insurance premium.

Under this bill and subject to a number of conditions, a political subdivision may allow an eligible person, upon his or her retirement or disability, to continue to be covered indefinitely by an employer-sponsored hospital, medical or dental group insurance policy (health insurance) under which the person was covered immediately before his or her retirement. An "eligible person" is defined as an individual who, at the time of his or her retirement from employment by, or as an officer of, a political subdivision, is eligible to become an annuitant of the Wisconsin Retirement System (WRS) or to receive a disability from WRS.

Under the bill, the eligible person must pay the entire premium for the coverage, unless a collective bargaining agreement or a political subdivision's policy provides otherwise. A political subdivision may discontinue an eligible person's health insurance if he or she does not pay the required premiums within the time period specified for such payments under federal law, generally within 30 days of the premium's due date.

The bill prohibits a political subdivision from segregating current employees and eligible persons into different groups for the purpose of establishing premiums and coverage for health insurance, except that such segregation may occur with regard to eligible persons who are at least 65 years old and who are eligible for Medicare.

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

CONSTITUENT PROBLEM FORM

DATE:

CONSTITUENT: Charles Koenig

ADDRESS: P.O. Box 205
Cleveland, WI 53015

PHONE: Home (920) 693-8762

Work:

FAX:

OTHER INVOLVED PERSONS:

SOCIAL SECURITY NUMBER:

DESCRIPTION OF PROBLEM OR REQUEST/ACTION(S) TAKEN:

Supports The Health Insurance Bill - Joe Strohl's

Sen. Jim Baumgart
P.O. Box 7882
Madison, WI 53707-7882
Tollfree # 1-888-295-8750

All employers that use ETF, they all segregate.

- Seperate plans for employees & employers.
- City
  - Justice = ETF ⇔ 266-0222
    Bureau
- Mary Hansen.

Public Employers 6852
retirees 1,243

→ ETF does not force - Kept on same plan
must be active as
~~25~~ employers.
21½ → 2000 communities w/out ETF coverage.

* retirees not under a group plan

*Employees + retirees
~~Arey~~ they pooled together. Bill requires ETF to offer plan that pools both.

- ~~Draft~~ #256-2275

Bureau Bill Cocks
266-0211

*Dec 99 1,269 · employees
2000 /1199 employers
440 annuitants.

-Program pools -Group

Kathy Bull -League of Municipalities

Guy 257-5882
↳ Cities.

-> Different rates for 55 -> 65 - over 65.
->

Bill Cocks -> ETF
-Current practice ETF pools both
employees + [redacted] retirees. but by contract.
- Our bill requires pooling - no segregation
-> Amend. locals that do
*-> If someone chooses

* Make Grandfather provision - Jan 1, 2000

The surviving spouse and dependent children are able to continue participation after the death of the retired employee.

PFFW EXECUTIVE BOARD SUPPORTS

Municipal governments should be prohibited from unilaterally reducing or modifying health insurance benefits for retired employes that is different from changes being made to active employes.

visions without regard to the manner of election or appointment. The appropriate officer of such governmental unit, or those disbursing county extension funds, shall collect from each such retired officer and retired employee who elects to become insured or so protected, on such officer's or employee's written order, all or part of the retired officer's or retired employee's share of such premiums or charges and remit the same to the insurer or company issuing such policy or contract. An insurer, health maintenance organization, or company issuing the policy or contract may not require a public employer to contribute any portion of the retired officer's or employee's share as a condition of eligibility for the insurance or protection. An insurer, health maintenance organization, or company issuing the policy or contract may require a retired officer or a retired employee to pay all or any part of the premiums or charges.

Any governmental unit, other than a school district, which pays all or any part of such premiums or charges is authorized to levy and collect a tax, if necessary, in the next annual tax levy for the purpose of providing the necessary funds for the payment of such premiums or charges, and such sums so levied and appropriated shall not, in the event such sum exceeds the maximum sum allowed by any law or the charter of a municipal corporation, be considered part of the cost of government of such governmental unit as defined in any tax levy or per capita expenditure limitation; provided at least 50 percent of the cost of benefits on dependents shall be contributed by the retired officer or retired employee or be paid by levies within existing per capita tax limitations.

The word "dependents" as used herein shall mean spouse and minor unmarried children under the age of 18 years actually dependent upon the retired officer or retired employee.

Minnesota Law

Subd. 2b. Insurance continuation. A unit of local government must allow a former employee and the employee's dependents to continue to participate indefinitely in the employer-sponsored hospital, medical, and dental insurance group that the employee participated in immediately before retirement, under the following conditions:

(a) The continuation requirement of this subdivision applies only to a former employee who is receiving a disability benefit or an annuity from a Minnesota public pension plan other than a volunteer firefighter plan, or who has met age and service requirements necessary to receive an annuity from such a plan.

(b) Until the former employee reaches age 65, the former employee and dependents must be pooled in the same group as active employees for purposes of establishing premiums and coverage for hospital, medical, and dental insurance.

(c) A former employee may receive dependent coverage only if the employee received dependent coverage immediately before leaving employment. This subdivision does not require dependent coverage to continue after the death of the former employee. For purposes of this subdivision, "dependent" has the same meaning for former employees as it does for active employees in the unit of local government.

(d) Coverage for a former employee and dependents may not discriminate on the basis of evidence of insurability or preexisting conditions unless identical conditions are imposed on active employees in the group that the employee left.

(e) The former employee must pay the entire premium for continuation coverage, except as otherwise provided in a collective bargaining agreement or personnel policy. A unit of local government may discontinue coverage if a former employee fails to pay the premium within the deadline provided for payment of premiums under federal law governing insurance continuation.

(f) An employer must notify an employee before termination of employment of the options available under this subdivision, and of the deadline for electing to continue to participate.

(g) A former employee must notify the employer of intent to participate within the deadline provided for notice of insurance continuation under federal law. A former employee who does not elect to continue participation does not have a right to reenter the employer's group insurance program.

(h) A former employee who initially selects dependent coverage may later drop dependent coverage while retaining individual coverage. A former employee may not drop individual coverage and retain dependent coverage.

(i) This subdivision does not limit rights granted to former employees under other state or federal law, or under collective bargaining agreements or personnel plans.

(j) Unless otherwise provided by a collective bargaining agreement, if retired employees were not permitted to remain in the active employee group prior to August 1, 1992, a public employer may assess active employees through payroll deduction for all or part of the additional premium costs from the inclusion of retired employees in the active employee group. This paragraph does not apply to employees covered by section 179A.03, subdivision 7.

(k) Notwithstanding section 179A.20, subdivision 2a, insurance continuation under this subdivision may be provided for in a collective bargaining agreement or personnel policy.

Subd. 3. Payroll deductions. A like payroll deduction and remittance shall be made upon the written order of any such officer or employee who are, or become, subscribers under a contract with a nonprofit hospital service plan corporation as defined by law.

Subd. 4. Repealed by Laws 1965, c. 780, § 9.

Amended by Laws 1955, c. 193, §§ 1, 2; Laws 1957, c. 321, § 1; Laws 1959, c. 611, § 1; Laws 1959, Ex.Sess., c. 76, § 1; Laws 1965, c. 296, §§ 1, 2, eff. May 1, 1965; Laws 1971, c. 451, § 1, eff. May 22, 1971; Laws 1971, Ex.Sess., c. 31, art. 20, §§ 13, 14; Laws 1971, Ex.Sess., c. 48, § 16; Laws 1973, c. 385, § 1; Laws 1973, c. 725, §§ 68 to 70; Laws 1978, c. 764, § 127, eff. April 6, 1978; Laws 1979, c. 334, art. 6, § 26; Laws 1982, c. 602, § 1, eff. March 23, 1982; Laws 1984, c. 463, art. 7, §§ 22, 23; Laws 1986, c. 321, § 1; Laws 1986, c. 444; Laws 1988, c. 709, art. 2, § 2; Laws 1992, c. 488, § 3.