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State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1174/1
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2003 BILL

gen. cat. → *coverage*

Group Insurance Board

1 AN ACT ...; relating to: collective bargaining over health care coverage for
 2 municipal employees; allowing municipal employers to change health care
 3 ~~benefit~~ plan providers; factors considered in rendering ^{a collective bargaining} an arbitration decision;
 4 ~~creating a council on health care coverage programs in the department of~~
 5 ~~employee trust funds and requiring the department of employee trust funds to~~
 6 prepare a report on offering group health insurance plans at different cost
 7 levels to local government employers and employees; expanding the
 8 employee-funded reimbursement accounts program administered by the
 9 group insurance board to local government employers; requiring the group
 10 insurance board to offer for purchase long-term care insurance policies to
 11 employees of local governments; convening a task force to conduct a feasibility
 12 study on forming a state pool for the bulk purchasing of prescription drugs;
 13 disclosure of health insurance claims experience of local governmental units;

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and bids submitted to local governmental units for health insurance; and granting rule-making authority.

2

this set out standardized benefits under health care benefit plans and that may be used

Analysis by the Legislative Reference Bureau

This bill makes several changes to health insurance plans and other benefits offered to local government employees.

Collective bargaining

Under the Municipal Employment Relations Act (MERA), all matters relating to wages, hours, and conditions of employment are subject to collective bargaining. This bill provides that local governmental employers, with the exception of school district employers with respect to their professional employees, are prohibited from bargaining over the selection of a health care ~~benefits~~ plan if the employer offers to enroll its employees in a plan provided to local government employers by the group insurance board or in a plan that is substantially similar to the plan offered by the group insurance board. Under the bill, the Office of the Commissioner of Insurance (OCI) must promulgate rules for determining whether any health care ~~benefits~~ plan is similar to the plan offered by the group insurance board.

Coverage

In addition, the bill provides that under MERA any employer may unilaterally change its employees' health care ~~benefits~~ plan provider if the benefits remain substantially the same and the actual providers of the health care are the same. The bill requires, however, that any employer savings that result from changing the health care ~~benefits~~ plan provider must be used to increase salaries paid to the employees affected by the change.

Under MERA, for labor disputes that go to arbitration, the arbitrator or arbitration panel must consider a variety of factors, some of which are given "greatest weight"; some of which are given "greater weight" and some of which must simply be considered. Among the factors that must simply be considered are the wages, hours, and conditions of employment of employees providing similar services and of employees in public and in private employment in the same and comparable communities. This bill provides that the arbitrator or arbitration panel must look at the wages, hours, and conditions of employment of the employees as a whole and not in isolation.

Health insurance plan study and creation of council on health care coverage programs

This bill requires the group insurance board to study the feasibility of developing a group health insurance plan with at least three cost levels and a low-cost health insurance plan that provides coverage for catastrophic illness or injury. The bill also creates a council on health care coverage programs, attached to the Department of Employee Trust Funds (DETF). The council must advise DETF on the effectiveness of health care coverage programs offered by the group insurance board and suggest improvements to the health care coverage programs.

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Employee-funded reimbursement accounts

Under current law, DETF provides to state employees an employee-funded reimbursement account plan, in which state employees may allocate pre-tax wages to pay for certain daycare and medical expenses. This bill provides that DETF must offer this program to other government employers and their employees.

Long-term care insurance

* Under current law, the group insurance board offers to state employees a long-term care insurance plan in which a state employee may purchase for himself or herself or for his or her spouse or parent or spouse's parent long-term care insurance. This bill requires the group insurance board to offer this insurance to other government employers and their employees.

Interagency task force on bulk purchasing of prescription drugs

* The bill directs the secretary of administration to organize an interagency task force on bulk purchasing of prescription drugs. The task force must examine the following: which state agencies would benefit from the bulk purchasing of prescription drugs; which methods of purchasing prescription drugs would result in the greatest cost savings; whether the state should directly administer the bulk purchasing of prescription drugs or whether the state should contract with a private entity; whether combining prescription drug purchasing efforts with other states is feasible and cost effective; how local governmental units could participate in the bulk purchasing of prescription drugs; whether it is feasible to include private sector entities in the bulk purchasing of prescription drugs; and the estimated cost savings that could be realized from the bulk purchasing of prescription drugs.

Solicitation of health insurance bids

* Current law authorizes local governmental employers (which includes cities, villages, towns, counties, school districts, sewerage districts, drainage districts, and any other political subdivisions of the state) to offer health care coverage to their employees and spouses and dependents. This bill requires OCI to promulgate rules developing a uniform form that a local government must use to solicit bids for its employees' health care coverage; requires insurers to use the form to submit bids to local governments; requires local governments that receive bids to submit information about the bid to the Department of Electronic Government (DEG); and requires DEG to post the information on the state's Internet site, if any.

Health claims experience

Under current law, an insurer must provide aggregate claims experience information, upon request, to the policyholder of a group health insurance policy and to an employer that provides health care coverage to its employees through a multiple-employer trust. This requirement applies only if the policyholder or employer provides coverage under the policy for at least 50 individuals who are covered as dependents. Information must be provided for the current policy period and for immediately preceding policy periods if the insurer provided coverage during these periods, but information is not required to be provided for any period of time that is before 18 months before the date of the request. The insurer must provide the information within 30 days after receiving the

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request and may not charge for providing the information one time in a 12-month period but may charge for additional requests during that time period. ~~s. 632.797, stats.~~

stats
This ~~bill~~ *bill* does the following:

1. Requires OCI to promulgate an administrative rule developing a uniform form that an insurer must use in disclosing aggregate group health claims experience to local governmental units (which includes cities, villages, towns, counties, school districts, sewerage districts, drainage districts, and any other political subdivisions of the state) and to ~~the Department of Electronic Government~~ ~~DEG~~ when a local governmental unit requests its group health claims experience under s. 632.797, stats.
2. Requires a local governmental unit to notify DEG when the local governmental unit requests its group health claims experience if the insurer is required to provide the information under s. 632.797, stats.
3. Requires insurers to use this form to provide group health claims experience information to local governmental units and to DEG under s. 632.797, stats., and requires insurers to submit this information within 30 days after receiving the request.
4. Permits DEG to report to OCI if the insurer fails to submit the information before the deadline.
5. Requires DEG to post this information on the state's Internet site.

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

Insert PJK-A

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION . 15.167 ~~(A)~~ of the statutes is created to read:

~~15.167 Same; councils. (1) COUNCIL ON HEALTH CARE COVERAGE PROGRAMS. There is created in the department of employee trust funds a council on health care coverage programs, consisting of 5 members appointed by the governor for 3-year terms. The governor shall appoint members from the academic profession and the private sector who have expertise in health insurance issues and health care trends.~~

SECTION . 22.07 (10) of the statutes is created to read:

22.07 (10) Post on the state's Internet site, if any, without charge to local governmental units, the information received from local governmental units under s. 66.0137 (5) (c) in a manner determined by the department to enable the general

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1 public to make meaningful comparisons of the bids received. The department shall
2 specify the format that local governmental units shall use in submitting the
3 information and shall make information about the format readily available to local
4 governmental units.

5 SECTION . 22.07[^] (11) of the statutes is created to read:

6 22.07 (11) Post on the state's Internet site, if any, the aggregate group health
7 claims experience information received from insurers under s. 632.797 (1) (d) in the
8 manner determined by the department.

9 SECTION . 40.02 (25) (bm) of the statutes is amended to read:

10 40.02 (25) (bm) For the purpose of long-term care insurance, in addition to any
11 state annuitant under s. 40.02 (54m), any employee ~~of the state~~ from an employer ~~an employer~~ who
12 received a salary or wages in the previous calendar year, and any participant who
13 was at one time employed by the state who receives a lump sum payment under s.
14 40.25 (1) which would have been an immediate annuity if paid as an annuity, if the
15 employee is a resident of this state and meets all of the requirements for an
16 immediate annuity including filing of an application, whether or not final
17 administrative action has been taken.

History: 1981 c. 96, 187, 250, 274, 386; 1983 a. 9, 27; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1983 a. 106, 140; 1983 a. 141 ss. 1 to 3, 20; 1983 a. 191 ss. 1, 6; 1983 a. 192 s. 304; 1983 a. 255 s. 6; 1983 a. 275, 290, 368; 1983 a. 435 s. 7; 1985 a. 29, 225; 1985 a. 332 ss. 52, 251 (1); 1987 a. 27, 62, 83, 107, 309, 340, 356, 363, 372, 399; 1987 a. 403 ss. 43 to 45, 256; 1989 a. 13, 14, 31; 1989 a. 56 s. 259; 1989 a. 166, 182, 189, 218, 230, 240, 323, 327, 336, 355, 357, 359; 1991 a. 32, 39, 113, 152, 229, 269, 315; 1993 a. 16, 263, 383, 490, 491; 1995 a. 27, ss. 1946 to 1953, 9130 (4); 1995 a. 81, 88, 89, 216, 240, 302, 381, 417; 1997 a. 3, 27, 39, 69, 110, 162, 237, 238; 1999 a. 9, 11, 42, 63, 65, 83; 2001 a. 16, 38, 103, 104, 109.

18 SECTION . 40.03 (10) of the statutes is created to read:

19 40.03 (10) COUNCIL ON HEALTH CARE COVERAGE PROGRAMS. The council on health
20 care coverage programs shall do all of the following:

21 (a) Advise the department on the effectiveness of health care coverage
22 programs under subch. IV.

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1 ✓ (b) Suggest improvements to the health care coverage programs under subch.
 2 IV. ~~...~~ *4 dots* ~~section * () ()~~ *use autoref "B" from p. 13*
 3 (c) Review the report submitted by the group insurance board under 2003 *use autoref "D" from p. 14*
 4 Wisconsin Act ~~(this Act)~~ *use autoref "C" from p. 13* to the governor and the legislature.

5 SECTION . 40.85 (1) of the statutes is amended to read:

6 ~~2/8/03~~
 7 40.85 (1) The board shall select and contract with employee-funded
 8 reimbursement account plan providers to be used by state agencies and, at their
 9 option, by other employers.

History: 1987 a. 399; 1989 a. 14; 2001 a. 16.

9 SECTION . 40.85 (2) (d) of the statutes is amended to read:

10 40.85 (2) (d) Approve the terms and conditions of model agreements which
 11 shall be used by each state employee to establish an employee-funded
 12 reimbursement account.

History: 1987 a. 399; 1989 a. 14; 2001 a. 16.

13 SECTION . 40.85 (2) (e) of the statutes is amended to read:

14 40.85 (2) (e) Require as a condition of the contractual agreements entered into
 15 under this section that approved employee-funded reimbursement account plan
 16 providers may provide service to state agencies and other employers only as
 17 approved by the board.

History: 1987 a. 399; 1989 a. 14; 2001 a. 16.

18 SECTION . 40.875 (1) (a) (intro.) of the statutes is amended to read:

19 40.875 (1) (a) (intro.) Beginning on January 1, 1990, collect, from each state
 20 agency and each other employer with employees eligible to participate in an
 21 employee-funded reimbursement account plan, a fee in an amount determined by
 22 the department to equal that state agency's or other employer's share of all of the
 23 following:

History: 1989 a. 14.

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1 SECTION . 40.875 (1) (b) of the statutes is amended to read:

2 40.875 (1) (b) Establish a formula, subject to approval by the board, to
3 determine the fees charged to state agencies and other employers under par. (a). ✓

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History: 1989 a. 14.

4 SECTION . 66.0137 (1) of the statutes is amended to read:

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5 66.0137 (1) DEFINITION. In this section, "local governmental unit" means a city,
6 village, town, county, school district (as enumerated in s. 67.01 (5)), sewerage
7 district, drainage district, and, without limitation because of enumeration, any other
8 political subdivision of the state. ✓

History: 1999 a. 9, 115; 1999 a. 150 ss. 34, 303 to 306; Stats. 1999 s. 66.0137; 1999 a. 186 s. 63; 2001 a. 16, 30.

9 SECTION . 66.0137 (5) of the statutes is renumbered 66.0137 (5) (a). ✓

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care

10 SECTION . 66.0137 (5) (b) and (c) of the statutes is created to read:

11 66.0137 (5) (b) If a local governmental unit solicits bids to provide health care
12 coverage under par. (a), the local governmental unit shall use the uniform local
13 governmental health care coverage bid form developed by the commissioner of
14 insurance under s. 601.415 (10) to solicit the bids. ✓

15 (c) A local governmental unit shall submit information about a bid it receives
16 to the department of electronic government in the format specified under s. 22.07 (10)
17 no later than 30 days after the bid is received or, in the case of a sealed bid, no later
18 than 30 days after the bid is opened. At the time the information is submitted to the
19 department of electronic government, the local governmental unit shall do at least
20 one of the following:

- 21 1. Post the same information on the local government's Internet site, if any.
- 22 2. Post notice on the local government's Internet site, if any, that the
- 23 information has been submitted to the department of electronic government and will
- 24 be available on the state's Internet site, if any.

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1 3. Post or publish as a class 1 notice under ch. 985 a statement that the
2 information has been submitted to the department of electronic government and will
3 be available on the state's Internet site, if any, or a statement that the information
4 may be viewed at a specified location in the local governmental unit, or both.

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

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

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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; 2001 a. 16.

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

5 111.70 (4) (c) 2m. 'Factors used in arbitration to settle disputes.' If the parties
6 to a dispute agree to have the commission or any other appropriate agency serve as
7 arbitrator to resolve the dispute and if the commission or any other appropriate
8 agency compares the wages, hours, and conditions of employment of the municipal
9 employees involved in the arbitration proceedings with the wages, hours, and
10 conditions of employment of any other employees, the commission or other
11 appropriate agency shall compare the wages, hours, and conditions of employment
12 as a whole, rather than as individual elements. ✓

13 **SECTION 3.** 111.70 (4) (cm) 7r. d. of the statutes is amended to read:

14 111.70 (4) (cm) 7r. d. Comparison of wages, hours and conditions of employment
15 of the municipal employees involved in the arbitration proceedings with the wages,
16 hours and conditions of employment of other employees performing similar services.
17 In making this comparison, the arbitrator or arbitration panel shall consider wages,
18 hours, and conditions of employment as a whole, rather than as individual elements. ✓

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; 2001 a. 16.

19 **SECTION 4.** 111.70 (4) (cm) 7r. e. of the statutes is amended to read:

20 111.70 (4) (cm) 7r. e. Comparison of the wages, hours and conditions of
21 employment of the municipal employees involved in the arbitration proceedings with
22 the wages, hours and conditions of employment of other employees generally in
23 public employment in the same community and in comparable communities. In

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1 making this comparison, the arbitrator or arbitration panel shall consider wages,
2 hours, and conditions of employment as a whole, rather than as individual elements. ✓

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; 2001 a. 16.

3 SECTION 5. 111.70 (4) (cm) 7r. f. of the statutes is amended to read:

4 111.70 (4) (cm) 7r. f. Comparison of the wages, hours and conditions of
5 employment of the municipal employees involved in the arbitration proceedings with
6 the wages, hours and conditions of employment of other employees in private
7 employment in the same community and in comparable communities. In making
8 this comparison, the arbitrator or arbitration panel shall consider wages, hours, and
9 conditions of employment as a whole, rather than as individual elements. ✓

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; 2001 a. 16.

10 SECTION 6. 111.70 (4) (cm) 7r. h. of the statutes is amended to read:

11 111.70 (4) (cm) 7r. h. The overall compensation presently received by the
12 municipal employees, including direct wage compensation, vacation, holidays and
13 excused time, insurance and pensions, medical and hospitalization benefits, the
14 continuity and stability of employment, and all other benefits received. In making
15 this comparison, the arbitrator or arbitration panel shall consider wages, hours, and
16 conditions of employment as a whole, rather than as individual elements.

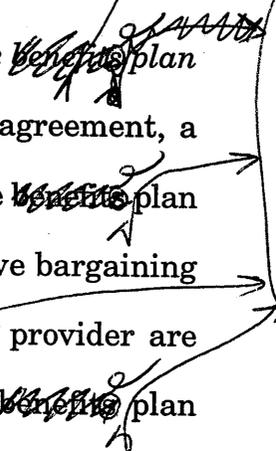
History: 1971 c. 124, 246, 247, 307, 336; 1973 c. 64, 65; 1977 c. 178, 186, 272, 442, 449; 1979 c. 32 s. 92 (15); 1981 c. 20, 112, 187; 1983 a. 189, 192; 1985 a. 29; 1985 a. 182 s. 57; 1985 a. 318; 1987 a. 153, 399; 1991 a. 136; 1993 a. 16, 429, 492; 1995 a. 27, 225, 289; 1997 a. 27, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 2001 a. 16.

17 SECTION 7. 111.70 (4) (n) of the statutes is created to read:

18 111.70 (4) (n) *Municipal employer-initiated change in health care ~~benefits~~ plan*
19 *provider.* 1. Notwithstanding the terms of a collective bargaining agreement, a
20 municipal employer may unilaterally change its employees' health care ~~benefits~~ plan
21 provider without the consent of any affected employee in the collective bargaining
22 unit if the benefits provided by the new health care ~~benefits~~ plan provider are
23 substantially similar to those provided by the former health care ~~benefits~~ plan

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1 provider and if the persons who provide health care coverage under the new plan are
 2 the same as under the former plan. Any such unilateral change in health care
 3 ~~benefits~~ plan provider is not a prohibited practice under sub. (3) (a) 5. and, for
 4 purposes of a qualified economic offer, does not affect the maintenance of fringe
 5 benefits under sub. (1) (nc).

6 2. Any moneys saved by a municipal employer as a result of a change in health
 7 ~~benefits~~ care plan provider under subd. 1. shall be used to increase the wages paid
 8 to the affected employees during the period covered by their collective bargaining
 9 agreement. Any such increase in wages by the municipal employer is not a
 10 prohibited practice under sub. (3) (a) 5.

11 SECTION 8. 111.70 (4) (o) of the statutes is created to read:

12 111.70 (4) (o) *Prohibited subject of collective bargaining.* 1. A municipal
 13 employer is prohibited from bargaining collectively with respect to the employer's
 14 selection of a health care ~~benefits~~ plan if the municipal employer offers to enroll the
 15 employees in a health care ~~benefits~~ plan under s. 40.51 (7) or in a health care ~~benefits~~
 16 plan that is substantially similar to a plan offered under s. 40.51 (7). The commission
 17 shall use the criteria in rules promulgated by the commissioner of insurance under
 18 s. 601. ~~41~~⁴¹⁽¹²⁾ to determine if health care ~~benefits~~ plans are substantially similar.

19 2. This paragraph does not apply to a municipal employer with respect to its
 20 school district professional employees.

21 SECTION 9. 601. ~~41~~⁴¹ (10) of the statutes is created to read:

22 601. ~~41~~⁴¹ (10) Local government health care coverage bid form ~~shall~~ The
 23 commissioner shall by rule develop a uniform local government health care coverage
 24 bid form that a local governmental unit ~~shall~~^{must} use under s. 66.0137 (5) (b) if the local
 25 governmental unit solicits bids for health care coverage. ^{insert 11-25}

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SECTION 10. 601.425 (14) of the statutes is created to read:

601.425 (14) *Local government health care claims experience form* The commissioner shall by rule develop a uniform local government health claims experience form that an insurer ~~shall~~ ^{must} use under s. 632.797 (1) (d). The form may not require the disclosure of information that identifies an individual or that is confidential under s. 51.30 or 146.82 or any applicable federal law.

SECTION 11. 601.425 (15) of the statutes is created to read:

601.425 (15) *Substantially similar health care benefit plan* The commissioner shall promulgate ~~the~~ ^{rules} referred to ~~under~~ ⁱⁿ s. 111.10 (4) (b) ~~that~~ ^{set} out a standardized summary of benefits provided under health care ~~benefit~~ plans, including plans offered under s. 40.51 (7), for use in determining whether a health care ~~benefit~~ plan is substantially similar to a plan offered under s. 40.51 (7).

SECTION 12. 610.66 of the statutes is created to read:

610.66 Local government health care coverage bid form. Every insurer shall use the uniform local government health care coverage bid form developed by the commissioner under s. 601.425 (15) when submitting a bid to a local governmental unit under s. 66.0137 (5) (b).

SECTION 13. 632.797 (1) (d) of the statutes is created to read:

632.797 (1) (d) 1. If a local governmental unit as defined in s. 66.0137 (1) is the policyholder or employer and requests the information under par. (a), the local governmental unit shall notify the department of electronic government when it makes a request for information that an insurer is required to provide under this section.

2. If a request is made by a local governmental unit for information that an insurer is required to provide under this section, the insurer shall submit the

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1 information to the department of electronic government at the same time the insurer
2 submits the information to the local governmental unit under par. (b).

3 ~~4~~ The insurer shall use the uniform local government health claims experience
4 form developed by the commissioner under s. 601.45 (1) to submit the claims
5 experience information to the local governmental unit and to the department of
6 electronic government.

7 ~~5~~ If the insurer fails to ~~submit~~ provide the information to the department of electronic
8 government by the deadline specified in ~~subd. 2~~ the department of electronic
9 government may report the failure to the commissioner ~~as provided~~

SECTION 14. 632.797 (5) of the statutes is amended to read:

632.797 (5) An insurer is not required under sub. (1) to provide information
that identifies an individual or that is confidential under s. 51.30 or 146.82 or any
applicable federal law.

History: 1993 a. 448.

SECTION 15. Nonstatutory provisions.

~~(*)~~ GROUP INSURANCE BOARD STUDY.

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(a) The group insurance board shall consult with representatives of group
insurance plans regarding the feasibility of developing the following plans for
employers to offer their employees under section 40.51 (7) of the statutes:

1. A group health insurance plan with at least ~~three~~ ³ cost levels, for the purpose
of offering a greater choice of plans based on cost to employers and employees.

2. A low-cost health insurance plan that provides coverage for catastrophic
illness or injury.

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(b) The group insurance board shall report its findings under paragraph (a) to the governor and to the legislature in the manner provided under section 13.172 (2) of the statutes no later than July 1, 2003. ✓

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~~(2) COUNCIL ON HEALTH CARE COVERAGE PROGRAMS. Notwithstanding the lengths of terms of members of the council on health care coverage programs under section 15.167 (1) of the statutes, as created by this act, ⁽²⁾two of the initial members shall be appointed for a term that expires on July 1, 2005, and ⁽³⁾three of the initial members shall be appointed for a term that expires on July 1, 2006.~~

(3) INTERAGENCY TASK FORCE ON BULK PURCHASING OF PRESCRIPTION DRUGS.

(a) The secretary of administration shall organize, and provide staff support for, an interagency task force on bulk purchasing of prescription drugs consisting of the heads of the following state agencies or their designees:

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- 1. Department of Administration.
- 2. Department of Health and Family Services.
- 3. Department of Employee Trust Funds.
- 4. Department of Veterans Affairs.
- 5. Department of Corrections.
- 6. Board of Regents of the University of Wisconsin System.
- 7. Any other state agency that purchases prescription drugs.

(b) The interagency task force shall examine all of the following:

- 1. Which state agencies would benefit from the bulk purchasing of prescription drugs.
- 2. Which methods of purchasing prescription drugs would result in the greatest cost savings.

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1 3. Whether the state should directly administer the bulk purchasing of
2 prescription drugs or whether the state should contract with a private entity.

3 4. Whether combining prescription drug purchasing efforts with other states
4 is feasible and cost effective.

5 5. How local governmental units could participate in the bulk purchasing of
6 prescription drugs.

7 6. Whether it is feasible to include private sector entities in the bulk purchasing
8 of prescription drugs.

9 7. The estimated cost savings that could be realized from the bulk purchasing
10 of prescription drugs.

11 (c) The interagency task force shall submit its finding to the governor and to
12 the legislature in the manner provided under section 13.172 (2) of the statutes no
13 later than June 1, 2003. Upon submittal of its findings, the interagency task force
14 ceases to exist.

15 (4) SUBMISSION OF RULES. The commissioner of insurance shall submit in
16 proposed form the rules required under section 601.41 (13) and (14) of the statutes,
17 as created by this act, to the legislative council staff under section 227.15 (1) of the
18 statutes no later than the first day of the 4th month beginning after the effective date
19 of this section. ✓

SECTION 16. Initial applicability.

20 (1) The treatment of sections 66.0137 (5) (b) and (c) and 610.66 of the statutes
21 first applies to bids solicited by a local governmental unit on the first day of the 3rd
22 month beginning after the ~~effective~~ date of the act as amended by the
23 ~~commissioner of insurance~~ under section 601.41 (13) of the statutes.
24

Sub 15-24

Handwritten annotations: 41, 10, 11, 62.61 (2) and (3), 41, 10

and (cm)

LRB-1174/1
RAC&PJK&MES:.....

SECTION 16

BILL

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(2) The treatment of section 111.70 (1) (a) and (4) (n) and (o) of the statutes first applies to collective bargaining agreements entered into, extended, modified, or renewed, whichever occurs first, on the effective date of this act. subsection

(3) The treatment of section 111.70 (4) (c) 2m., 7r.d., 7r.e., 7r.f., and 7r.h. of the statutes first applies to petitions for arbitration submitted on the effective date of this subsection. to an arbitration decision that results from a petition

(4) The treatment of section 632.797 (1) (d) of the statutes first applies to requests for health claims experience information made by a local governmental unit on the first day of the 3rd month beginning after the ~~effective~~ date of the ~~enactment~~ ^{enact 15-24} ~~of the act~~ ⁴¹ ~~promulgated~~ ¹¹ by the commissioner of insurance under section 601.423 (1) of the statutes.

(END)

D-note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1174/1dn
RAC&PJK&MES;.....

95

Representative McCormick:

1. In s. 22.07 (10) and (11), I did not specifically refer to the "state's Internet site" but instead referred to the "state's Internet site, if any". The reason is that there is no legal requirement that the state have an Internet site. ✓

~~2. In s. 40.02 (25) (bm), I amended that paragraph to refer simply to "any employee of an employer" rather than "any employee of the state or of an employer other than the state". The reason is that "employer" is a defined term in ch. 40 and captures both the state and public employers other than the state. I also did this in ss. 40.85 (2) (e) and 40.875 (1) (a) (intro.).~~

~~2. 3. Because the study under your proposed s. 40.03 (6) (k) is a duty of the Group Insurance Board (GIB), I provided that GIB must do the study and not the Department of Employee Trust Funds (DETF). The department will obviously staff the study. I also moved the study requirement to the nonstatutory material, because the study is a one-time study and must be completed by July 1, 2003. You should be aware, however, that such a study could be viewed as a non-trust duty of DETF and that it would be a breach of fiduciary duty for DETF to devote employees whose compensation is paid from the public employee trust fund to staff any such study.~~

2. 4. I provided for the duties of the Council on Health Care Coverage programs under s. 40.03 (10) rather than s. 40.57. The reason is that the general duties of attached bodies to DETF are specified under s. 40.03. *

3. 5. I also amended s. 111.70 (1) (a), because the changes in s. 111.70 (4) (n) and (o) restrict what are bargainable issues under the Municipal Employment Relations Act.

4. 6. I specified in s. 111.70 (4) (n) that the unilateral change in the terms of a collective bargaining agreement during the course of the agreement is not an unfair labor practice.

7. In labor disputes involving law enforcement and fire fighting personnel, there are no current law factors that an arbitrator must consider. Nonetheless, look at my creation of s. 111.70 (4) (c) 2m. Is this OK?

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us

Do you want to add confidential information under s. 252.15 to the list under ss. 601.41 (11) and 632.797 (5)? Confidential information under s. 51.30 relates to patient health care records; confidential information under s. 146.82 relates to mental health records; and confidential information under s. 252.15 relates to test results for HIV. See ss. 609.36 (2) and 632.68 (10) (c).

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

FNS - D-NOER
MES

(INSERT D-NOTE) - 2 -
MES

format for d-note

no indent

and amended

I have renumbered s. 62.61 to be s. 62.61 (1) and have created s. 62.61 (2) and (3), which are based on s. 66.0137 (5) (b) and (c), which are created in the draft. Although it appears that 1st class cities are covered by s. 66.0137 and that s. 66.0137 (5) applies to 1st class cities, for some reason s. 62.61 exists and is designed for 1st class cities. Section 62.61 is very similar to s. 66.0137 (5), although it contains some additional provisions. In any event, I believe that, to be safe, s. 62.61 should be treated the same way as s. 66.0137 (5) ^(is) treated in this draft. Please let me know if this change is inconsistent with your intent.

*

~~MES~~

MES

<end insert>

INS. 7-9

Section #. 66.0137 (5) of the statutes is renumbered 66.0137 (5) (a) and amended to read:

66.0137 (5) (a) ~~HOSPITAL, ACCIDENT AND LIFE INSURANCE~~ The state or a local governmental unit may provide for the payment of premiums for hospital, surgical and other health and accident insurance and life insurance for employees and officers and their spouses and dependent children. A local governmental unit may also provide for the payment of premiums for hospital and surgical care for its retired employees. In addition, a local governmental unit may, by ordinance or resolution, elect to offer to all of its employees a health care coverage plan through a program offered by the group insurance board under ch. 40. A local governmental unit that elects to participate under s. 40.51 (7) is subject to the applicable sections of ch. 40 instead of this ~~subsection~~ paragraph

History: 1999 a. 9, 115; 1999 a. 150 ss. 34, 303 to 306; Stats. 1999 s. 66.0137; 1999 a. 186 s. 63; 2001 a. 16, 30. 1999 a. 9, 115; 1999 a. 150 ss. 34, 303 to 306; Stats. 1999 s. 66.0137; 1999 a. 186 s. 63; 2001 a. 16, 30.

FNS ^{MES} 7-3 P. 1 of 2

Section #. 62.61 of the statutes is renumbered 62.61 (1) and amended to read:

62.61 (1) **Health insurance; 1st class cities.** The common council of a 1st class city may, by ordinance or resolution, provide for, including the payment of premiums of, general hospital, surgical and group insurance for both active and retired city officers and city employees and their respective dependents in private companies, or may, by ordinance or resolution, elect to offer to all of its employees a health care coverage plan through a program offered by the group insurance board under ch. 40. Municipalities which elect to participate under s. 40.51 (7) are subject to the applicable sections of ch. 40 instead of this ~~section~~ ^{subsection}. Contracts for insurance under this ~~section~~ ^{subsection} may be entered into for active officers and employees separately from contracts for retired officers and employees. Appropriations may be made for the purpose of financing insurance under this ~~section~~ ^{subsection}. Moneys accruing to a fund to finance insurance under this ~~section~~ ^{subsection}, by investment or otherwise, may not be diverted for any other purpose than those for which the fund was set up or to defray management expenses of the fund or to partially pay premiums to reduce costs to the city or to persons covered by the insurance, or both.

History: 1985 a. 29; 1999 a. 150 s. 307; Stats. 1999 s. 62.61.



2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1174/lins
RAC&PJK&MES:.....

MES
INSERT 7-3

1.2062

SECTION 1. ~~62.61~~ of the statutes is renumbered 62.61 (1).

SECTION 2. 62.61 (2) of the statutes is created to read:

62.61 (2) If a 1st class city solicits bids to provide health care coverage under sub. (1), the 1st class city shall use the uniform local governmental health care coverage bid form developed by the commissioner of insurance under s. 601.418(13) to solicit the bids.

41(10)

SECTION 3. 62.61 (3) of the statutes is created to read:

62.61 (3) A 1st class city shall submit information about a bid it receives to the department of electronic government in the format specified under s. 22.07 (10) no later than 30 days after the bid is received or, in the case of a sealed bid, no later than 30 days after the bid is opened. At the time the information is submitted to the department of electronic government, the 1st class city shall do at least one of the following:

- (a) Post the same information on the city's Internet site, if any.
- (b) Post notice on the city's Internet site, if any, that the information has been submitted to the department of electronic government and will be available on the state's Internet site, if any.
- (c) Post or publish as a class 1 notice under ch. 985 a statement that the information has been submitted to the department of electronic government and will be available on the state's Internet site, if any, or a statement that the information may be viewed at a specified location in the 1st class city, or both.

INSERT D-NOTE
MES

<end insert>

1 ④ 2. A policyholder or employer that is a local governmental unit and that
2 requests information under par. (a) that an insurer is required to provide under this
3 section shall notify the department of electronic government when it makes the
4 request for the information.

5 ④ 3. An insurer that is required to provide the information under par. (a) to a local
6 governmental unit shall also provide the information to the department of electronic
7 government at the same time as the insurer provides the information to the local
8 governmental unit. ✓

(END OF INSERT 13-2)

INSERT 15-24 <use twice>

9 w④ stated in the notice published by the commissioner of insurance in the
10 Wisconsin Administrative Register

(END OF INSERT 15-24)

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1174/?ins
PJK:.....

~~Office of Insurance~~
INSERT 2-1

1 ~~vote~~ requiring the Commissioner of Insurance to promulgate rules establishing
2 uniform forms for local government health care coverage bids and health claims
3 experience and summarizing benefits provided under health care benefit plans;

(END OF INSERT 2-1)

INSERT PJK-A

- ~~Section 1.~~
1. Requires a local governmental unit, which includes a city, village, town, county, school district, sewerage district, drainage district, and any other political subdivision of the state, that requests group health claims experience that an insurer is required to provide to notify DEG when the local governmental unit requests the information. ✓
 2. Requires an insurer to provide to DEG the group health claims experience information that it provides to a local governmental unit at the same time that the insurer provides the information to the local governmental unit. ✓
 3. Requires OCI to develop, by rule, a uniform form for insurers to use when providing aggregate group health claims experience information to local governmental units and requires insurers to use the form when providing the information to local governmental units and to DEG. ✓
 4. Requires DEG to post the group health claims experience information that it receives from insurers on the state's Internet site. ✓

(END OF INSERT PJK-A)

INSERT 11-25 <use twice>

4 ~~vote~~ The commissioner shall publish a notice in the Wisconsin Administrative
5 Register that states the effective date of the rule required under this subsection. ✓

(END OF INSERT 11-25)

INSERT 13-2

6 ~~Section 1.~~ SECTION 1. 632.797 (1) (d) of the statutes is created to read:
7 ~~632.797 (1) (d) 1.~~ 632.797 (1) (d) 1. "Local governmental unit" has the meaning given in s.
8 66.0137 (1).

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1174/1dn
RAC&PJK&MES:cjs:pg

January 14, 2003

Representative McCormick:

1. In s. 22.07 (10) and (11), I did not specifically refer to the "state's Internet site" but instead referred to the "state's Internet site, if any". The reason is that there is no legal requirement that the state have an Internet site.
2. I provided for the duties of the Council on Health Care Coverage Programs under s. 40.03 (10) rather than s. 40.57. The reason is that the general duties of attached bodies to DETF are specified under s. 40.03.
3. I also amended s. 111.70 (1) (a), because the changes in s. 111.70 (4) (n) and (o) restrict what are bargainable issues under the Municipal Employment Relations Act.
4. I specified in s. 111.70 (4) (n) that the unilateral change in the terms of a collective bargaining agreement during the course of the agreement is not an unfair labor practice.
5. In labor disputes involving law enforcement and fire fighting personnel, there are no current law factors that an arbitrator must consider. Nonetheless, look at my creation of s. 111.70 (4) (c) 2m. Is this OK?

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us

Do you want to add confidential information under s. 252.15 to the list under ss. 601.41 (11) and 632.797 (5)? Confidential information under s. 51.30 relates to mental health records; confidential information under s. 146.82 relates to patient health care records; and confidential information under s. 252.15 relates to test results for HIV. See ss. 609.36 (2) and 632.68 (10) (c).

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

I have renumbered and amended s. 62.61 to be s. 62.61 (1) and have created s. 62.61 (2) and (3), which are based on s. 66.0137 (5) (b) and (c), which are created in the draft.

Although it appears that 1st class cities are covered by s. 66.0137 and that s. 66.0137 (5) applies to 1st class cities, for some reason s. 62.61 exists and is designed for 1st class cities. Section 62.61 is very similar to s. 66.0137 (5), although it contains some additional provisions. In any event, I believe that, to be safe, s. 62.61 should be treated the same way as s. 66.0137 (5) is treated in this draft. Please let me know if this change is inconsistent with your intent.

Marc E. Shovers
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Jennifer

uniform
~~standard~~ request for proposals form
stat when selecting bids

redraft for 1174/2

and add HIV stat



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1174/2
RAC/PJK/MES:cjs:pg

Monday

2003 BILL

RMR
Stays

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1 AN ACT *to renumber and amend* 62.61 and 66.0137 (5); *to amend* 40.02 (25)
2 (bm), 40.85 (1), 40.85 (2) (d), 40.85 (2) (e), 40.875 (1) (a) (intro.), 40.875 (1) (b),
3 66.0137 (1), 111.70 (1) (a), 111.70 (4) (cm) 7r. d., 111.70 (4) (cm) 7r. e., 111.70 (4)
4 (cm) 7r. f., 111.70 (4) (cm) 7r. h. and 632.797 (5); and *to create* 22.07 (10), 22.07
5 (11), 62.61 (2), 62.61 (3), 66.0137 (5) (b) and (c), 111.70 (4) (c) 2m., 111.70 (4) (n),
6 111.70 (4) (o), 601.41 (10), 601.41 (11), 601.41 (12), 610.66 and 632.797 (1) (d)
7 of the statutes; **relating to:** collective bargaining over health care coverage for
8 municipal employees; allowing municipal employers to change health care
9 coverage plan providers; factors considered in rendering a collective bargaining
10 arbitration decision; requiring the Group Insurance Board to prepare a report
11 on offering group health insurance plans at different cost levels to local
12 government employers and employees; expanding the employee-funded
13 reimbursement accounts program administered by the Group Insurance Board
14 to local government employers; requiring the Group Insurance Board to offer

BILL

1 for purchase long-term care insurance policies to employees of local
 2 governments; convening a task force to conduct a feasibility study on forming
 3 a state pool for the bulk purchasing of prescription drugs; disclosure of health
 4 insurance claims experience of local governmental units; bids submitted to
 5 local governmental units for health insurance; requiring the Commissioner of
 6 Insurance to promulgate rules establishing uniform forms for local government
 7 health care coverage ~~plans~~ and health claims experience and summarizing
 8 benefits provided under health care benefit plans; and granting rule-making
 9 authority.

requests for proposals

Analysis by the Legislative Reference Bureau

This bill makes several changes to health insurance plans and other benefits offered to local government employees.

Collective bargaining

Under the Municipal Employment Relations Act (MERA), all matters relating to wages, hours, and conditions of employment are subject to collective bargaining. This bill provides that local governmental employers, with the exception of school district employers with respect to their professional employees, are prohibited from bargaining over the selection of a health care coverage plan if the employer offers to enroll its employees in a plan provided to local government employers by the Group Insurance Board or in a plan that is substantially similar to the plan offered by the Group Insurance Board. Under the bill, the Office of the Commissioner of Insurance (OCI) must promulgate rules that set out standardized benefits under health care coverage plans and that may be used for determining whether any health care coverage plan is similar to the plan offered by the group insurance board.

In addition, the bill provides that under MERA any employer may unilaterally change its employees' health care coverage plan provider if the benefits remain substantially the same and the actual providers of the health care are the same. The bill requires, however, that any employer savings that result from changing the health care coverage plan provider must be used to increase salaries paid to the employees affected by the change.

Under MERA, for labor disputes that go to arbitration, the arbitrator or arbitration panel must consider a variety of factors, some of which are given "greatest weight"; some of which are given "greater weight"; and some of which must simply be considered. Among the factors that must simply be considered are the wages, hours, and conditions of employment of employees providing similar services and of employees in public and in private employment in the same and comparable

BILL

communities. This bill provides that the arbitrator or arbitration panel must look at the wages, hours, and conditions of employment of the employees as a whole and not in isolation. ↗

Health insurance plan study

This bill requires the Group Insurance Board to study the feasibility of developing a group health insurance plan with at least three cost levels and a low-cost health insurance plan that provides coverage for catastrophic illness or injury.

Employee-funded reimbursement accounts

Under current law, DETF provides to state employees an employee-funded reimbursement account plan, in which state employees may allocate pre-tax wages to pay for certain daycare and medical expenses. This bill provides that DETF must offer this program to other government employers and their employees.

Long-term care insurance

Under current law, the Group Insurance Board offers to state employees a long-term care insurance plan in which a state employee may purchase for himself or herself or for his or her spouse or parent or spouse's parent long-term care insurance. This bill requires the Group Insurance Board to offer this insurance to other government employers and their employees.

Interagency task force on bulk purchasing of prescription drugs

The bill directs the Secretary of Administration to organize an interagency task force on bulk purchasing of prescription drugs. The task force must examine the following: which state agencies would benefit from the bulk purchasing of prescription drugs; which methods of purchasing prescription drugs would result in the greatest cost savings; whether the state should directly administer the bulk purchasing of prescription drugs or whether the state should contract with a private entity; whether combining prescription drug purchasing efforts with other states is feasible and cost effective; how local governmental units could participate in the bulk purchasing of prescription drugs; whether it is feasible to include private sector entities in the bulk purchasing of prescription drugs; and the estimated cost savings that could be realized from the bulk purchasing of prescription drugs.

Solicitation of health insurance bids

Current law authorizes local governmental employers (which includes cities, villages, towns, counties, school districts, sewerage districts, drainage districts, and any other political subdivisions of the state) to offer health care coverage to their employees and employees' spouses and dependents. This bill requires OCI to promulgate rules developing a uniform form that a local government must use to solicit bids for its employees' health care coverage; requires insurers to use the form to submit bids to local governments; requires local governments that receive the bids to submit information about the bids to the Department of Electronic Government (DEG); and requires DEG to post the information on the state's Internet site, if any.

Health claims experience

Under current law, an insurer must provide aggregate claims experience information, upon request, to the policyholder of a group health insurance policy and

Insert
Analysis

make the information available to the public ✓

BILL

to an employer that provides health care coverage to its employees through a multiple-employer trust. This requirement applies only if the policyholder or employer provides coverage under the policy for at least 50 individuals, excluding individuals who are covered as dependents. Information must be provided for the current policy period and for up to two immediately preceding policy periods if the insurer provided coverage during those periods, but information is not required to be provided for any period of time that is before 18 months before the date of the request. The insurer must provide the information within 30 days after receiving the request and may not charge for providing the information one time in a 12-month period but may charge for additional requests during that time period.

This bill does the following:

1. Requires a local governmental unit, which includes a city, village, town, county, school district, sewerage district, drainage district, and any other political subdivision of the state, that requests aggregate group health claims experience that an insurer is required to provide to notify DEG when the local governmental unit requests the information.

2. Requires an insurer to provide to DEG the aggregate group health claims experience information that it provides to a local governmental unit at the same time that the insurer provides the information to the local governmental unit.

3. Requires OCI to develop, by rule, a uniform form for insurers to use when providing aggregate group health claims experience information to local governmental units and requires insurers to use the form when providing the information to local governmental units and to DEG.

4. Requires DEG to ~~post~~ ^{make} the aggregate group health claims experience information that it receives from insurers ~~on the state's Internet site~~ ^{available to the public}

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:

1 **SECTION 1.** 22.07 (10) of the statutes is created to read:
2 22.07 (10) ~~Post on the state's Internet site, if any,~~ ^{Make available to the public} without charge to local
3 governmental units, the information received from local governmental units under
4 s. 66.0137 (5) (c) in a manner determined by the department to enable the general
5 public to make meaningful comparisons of the bids received. The department shall
6 specify the format that local governmental units shall use in submitting the

BILL

1 information and shall make information about the format readily available to local
2 governmental units.

3 **SECTION 2.** 22.07 (11) of the statutes is created to read:

4 22.07 (11) ~~Post on the state's Internet site, if any,~~ the aggregate group health
5 claims experience information received from insurers under s. 632.797 (1) (d) in the
6 manner determined by the department.

✓
Make available to
the public

7 **SECTION 3.** 40.02 (25) (bm) of the statutes is amended to read:

8 40.02 (25) (bm) For the purpose of long-term care insurance, in addition to any
9 state annuitant under s. 40.02 (54m), any employee of the state who received a salary
10 or wages from an employer in the previous calendar year, and any participant who
11 was at one time employed by the state who receives a lump sum payment under s.
12 40.25 (1) which would have been an immediate annuity if paid as an annuity, if the
13 employee is a resident of this state and meets all of the requirements for an
14 immediate annuity including filing of an application, whether or not final
15 administrative action has been taken.

16 **SECTION 4.** 40.85 (1) of the statutes is amended to read:

17 40.85 (1) The board shall select and contract with employee-funded
18 reimbursement account plan providers to be used by state agencies and, at their
19 option, by other employers.

20 **SECTION 5.** 40.85 (2) (d) of the statutes is amended to read:

21 40.85 (2) (d) Approve the terms and conditions of model agreements which
22 shall be used by each state employee to establish an employee-funded
23 reimbursement account.

24 **SECTION 6.** 40.85 (2) (e) of the statutes is amended to read:

BILL**SECTION 6**

1 40.85 (2) (e) Require as a condition of the contractual agreements entered into
2 under this section that approved employee-funded reimbursement account plan
3 providers may provide service to state agencies and other employers only as
4 approved by the board.

5 **SECTION 7.** 40.875 (1) (a) (intro.) of the statutes is amended to read:

6 40.875 (1) (a) (intro.) Beginning on January 1, 1990, collect, from each state
7 agency and each other employer with employees eligible to participate in an
8 employee-funded reimbursement account plan, a fee in an amount determined by
9 the department to equal that state agency's or other employer's share of all of the
10 following:

11 **SECTION 8.** 40.875 (1) (b) of the statutes is amended to read:

12 40.875 (1) (b) Establish a formula, subject to approval by the board, to
13 determine the fees charged to state agencies and other employers under par. (a).

14 **SECTION 9.** 62.61 of the statutes is renumbered 62.61 (1) and amended to read:

15 62.61 (1) **Health insurance; 1st class cities.** The common council of a 1st
16 class city may, by ordinance or resolution, provide for, including the payment of
17 premiums of, general hospital, surgical and group insurance for both active and
18 retired city officers and city employees and their respective dependents in private
19 companies, or may, by ordinance or resolution, elect to offer to all of its employees a
20 health care coverage plan through a program offered by the group insurance board
21 under ch. 40. Municipalities which elect to participate under s. 40.51 (7) are subject
22 to the applicable sections of ch. 40 instead of this section subsection. Contracts for
23 insurance under this section subsection may be entered into for active officers and
24 employees separately from contracts for retired officers and employees.
25 Appropriations may be made for the purpose of financing insurance under this

BILL

1 ~~section subsection.~~ Moneys accruing to a fund to finance insurance under this
2 ~~section subsection,~~ by investment or otherwise, may not be diverted for any other
3 purpose than those for which the fund was set up or to defray management expenses
4 of the fund or to partially pay premiums to reduce costs to the city or to persons
5 covered by the insurance, or both.

6 **SECTION 10.** 62.61 (2) of the statutes is created to read:

7 62.61 (2) If a 1st class city solicits bids to provide health care coverage under
8 sub. (1), the 1st class city shall use the uniform local governmental health care
9 coverage ~~bid~~ form developed by the commissioner of insurance under s. 601.41 (10)
10 to solicit the bids.

11 **SECTION 11.** 62.61 (3) of the statutes is created to read:

12 62.61 (3) A 1st class city shall submit information about a bid it receives to the
13 department of electronic government in the format specified under s. 22.07 (10) no
14 later than 30 days after the bid is received or, in the case of a sealed bid, no later than
15 30 days after the bid is opened. At the time the information is submitted to the
16 department of electronic government, the 1st class city shall do at least one of the
17 following:

18 (a) Post the same information on the city's Internet site, if any.

19 (b) Post notice on the city's Internet site, if any, that the information has been
20 submitted to the department of electronic government ~~and will be available on the~~
21 ~~state's Internet site, if any.~~

22 (c) Post or publish as a class 1 notice under ch. 985 a statement that the
23 information has been submitted to the department of electronic government and will
24 be available on the state's Internet site, if any, or a statement that the information
25 may be viewed at a specified location in the 1st class city, or both.

request - for - proposals

BILL

1 **SECTION 12.** 66.0137 (1) of the statutes is amended to read:

2 66.0137 (1) **DEFINITION.** In this section, "local governmental unit" means a city,
3 village, town, county, school district (~~as enumerated in s. 67.01 (5)~~), sewerage
4 district, drainage district, and, ~~without limitation because of enumeration,~~ any other
5 political subdivision of the state.

6 **SECTION 13.** 66.0137 (5) of the statutes is renumbered 66.0137 (5) (a) amended
7 to read:

8 66.0137 (5) (a) The state or a local governmental unit may provide for the
9 payment of premiums for hospital, surgical and other health and accident insurance
10 and life insurance for employees and officers and their spouses and dependent
11 children. A local governmental unit may also provide for the payment of premiums
12 for hospital and surgical care for its retired employees. In addition, a local
13 governmental unit may, by ordinance or resolution, elect to offer to all of its
14 employees a health care coverage plan through a program offered by the group
15 insurance board under ch. 40. A local governmental unit that elects to participate
16 under s. 40.51 (7) is subject to the applicable sections of ch. 40 instead of this
17 subsection paragraph.

18 **SECTION 14.** 66.0137 (5) (b) and (c) of the statutes are created to read:

19 66.0137 (5) (b) If a local governmental unit solicits bids to provide health care
20 coverage under par. (a), the local governmental unit shall use the uniform local
21 governmental health care coverage ~~form~~ form developed by the commissioner of
22 insurance under s. 601.41 (10) to solicit the bids.

23 (c) A local governmental unit shall submit information about a bid it receives
24 to the department of electronic government in the format specified under s. 22.07 (10)
25 no later than 30 days after the bid is received or, in the case of a sealed bid, no later

request - for - proposals

21

BILL

1 than 30 days after the bid is opened. At the time the information is submitted to the
2 department of electronic government, the local governmental unit shall do at least
3 one of the following:

4 1. Post the same information on the local government's Internet site, if any.

5 2. Post notice on the local government's Internet site, if any, that the
6 information has been submitted to the department of electronic government and will
7 be available on the state's Internet site, if any.

8 3. Post or publish as a class 1 notice under ch. 985 a statement that the
9 information has been submitted to the department of electronic government and will
10 be available on the state's Internet site, if any, or a statement that the information
11 may be viewed at a specified location in the local governmental unit, or both.

12 **SECTION 15.** 111.70 (1) (a) of the statutes is amended to read:

13 111.70 (1) (a) "Collective bargaining" means the performance of the mutual
14 obligation of a municipal employer, through its officers and agents, and the
15 representative of its municipal employees in a collective bargaining unit, to meet and
16 confer at reasonable times, in good faith, with the intention of reaching an
17 agreement, or to resolve questions arising under such an agreement, with respect to
18 wages, hours and conditions of employment, and with respect to a requirement of the
19 municipal employer for a municipal employee to perform law enforcement and fire
20 fighting services under s. 61.66, except as provided in sub. (4) (m), (n), and (o) and
21 s. 40.81 (3) and except that a municipal employer shall not meet and confer with
22 respect to any proposal to diminish or abridge the rights guaranteed to municipal
23 employees under ch. 164. The duty to bargain, however, does not compel either party
24 to agree to a proposal or require the making of a concession. Collective bargaining
25 includes the reduction of any agreement reached to a written and signed document.

BILL

1 The municipal employer shall not be required to bargain on subjects reserved to
2 management and direction of the governmental unit except insofar as the manner
3 of exercise of such functions affects the wages, hours and conditions of employment
4 of the municipal employees in a collective bargaining unit. In creating this
5 subchapter the legislature recognizes that the municipal employer must exercise its
6 powers and responsibilities to act for the government and good order of the
7 jurisdiction which it serves, its commercial benefit and the health, safety and welfare
8 of the public to assure orderly operations and functions within its jurisdiction,
9 subject to those rights secured to municipal employees by the constitutions of this
10 state and of the United States and by this subchapter.

11 **SECTION 16.** 111.70 (4) (c) 2m. of the statutes is created to read:

12 111.70 (4) (c) 2m. ‘Factors used in arbitration to settle disputes.’ If the parties
13 to a dispute agree to have the commission or any other appropriate agency serve as
14 arbitrator to resolve the dispute and if the commission or any other appropriate
15 agency compares the wages, hours, and conditions of employment of the municipal
16 employees involved in the arbitration proceedings with the wages, hours, and
17 conditions of employment of any other employees, the commission or other
18 appropriate agency shall compare the wages, hours, and conditions of employment
19 as a whole, rather than as individual elements.

20 **SECTION 17.** 111.70 (4) (cm) 7r. d. of the statutes is amended to read:

21 111.70 (4) (cm) 7r. d. Comparison of wages, hours and conditions of employment
22 of the municipal employees involved in the arbitration proceedings with the wages,
23 hours and conditions of employment of other employees performing similar services.
24 In making this comparison, the arbitrator or arbitration panel shall consider wages,
25 hours, and conditions of employment as a whole, rather than as individual elements.

BILL

1 **SECTION 18.** 111.70 (4) (cm) 7r. e. of the statutes is amended to read:

2 111.70 (4) (cm) 7r. e. Comparison of the wages, hours and conditions of
3 employment of the municipal employees involved in the arbitration proceedings with
4 the wages, hours and conditions of employment of other employees generally in
5 public employment in the same community and in comparable communities. In
6 making this comparison, the arbitrator or arbitration panel shall consider wages,
7 hours, and conditions of employment as a whole, rather than as individual elements.

8 **SECTION 19.** 111.70 (4) (cm) 7r. f. of the statutes is amended to read:

9 111.70 (4) (cm) 7r. f. Comparison of the wages, hours and conditions of
10 employment of the municipal employees involved in the arbitration proceedings with
11 the wages, hours and conditions of employment of other employees in private
12 employment in the same community and in comparable communities. In making
13 this comparison, the arbitrator or arbitration panel shall consider wages, hours, and
14 conditions of employment as a whole, rather than as individual elements.

15 **SECTION 20.** 111.70 (4) (cm) 7r. h. of the statutes is amended to read:

16 111.70 (4) (cm) 7r. h. The overall compensation presently received by the
17 municipal employees, including direct wage compensation, vacation, holidays and
18 excused time, insurance and pensions, medical and hospitalization benefits, the
19 continuity and stability of employment, and all other benefits received. In making
20 this comparison, the arbitrator or arbitration panel shall consider wages, hours, and
21 conditions of employment as a whole, rather than as individual elements.

22 **SECTION 21.** 111.70 (4) (n) of the statutes is created to read:

23 111.70 (4) (n) *Municipal employer-initiated change in health care coverage*
24 *plan provider.* 1. Notwithstanding the terms of a collective bargaining agreement,
25 a municipal employer may unilaterally change its employees' health care coverage

✓
Insert 11-15



BILL

1 plan provider without the consent of any affected employee in the collective
2 bargaining unit if the benefits provided by the new health care coverage plan
3 provider are substantially similar to those provided by the former health care
4 coverage plan provider and if the persons who provide health care coverage under
5 the new plan are the same as under the former plan. Any such unilateral change in
6 health care coverage plan provider is not a prohibited practice under sub. (3) (a) 5.
7 and, for purposes of a qualified economic offer, does not affect the maintenance of
8 fringe benefits under sub. (1) (nc).

9 2. Any moneys saved by a municipal employer as a result of a change in health
10 care coverage plan provider under subd. 1. shall be used to increase the wages paid
11 to the affected employees during the period covered by their collective bargaining
12 agreement. Any such increase in wages by the municipal employer is not a
13 prohibited practice under sub. (3) (a) 5.

14 **SECTION 22.** 111.70 (4) (o) of the statutes is created to read:

15 111.70 (4) (o) *Prohibited subject of collective bargaining.* 1. A municipal
16 employer is prohibited from bargaining collectively with respect to the employer's
17 selection of a health care coverage plan if the municipal employer offers to enroll the
18 employees in a health care coverage plan under s. 40.51 (7) or in a health care
19 coverage plan that is substantially similar to a plan offered under s. 40.51 (7). The
20 commission shall use the criteria in rules promulgated by the commissioner of
21 insurance under s. 601.41 (12) to determine if health care coverage plans are
22 substantially similar.

23 2. This paragraph does not apply to a municipal employer with respect to its
24 school district professional employees.

25 **SECTION 23.** 601.41 (10) of the statutes is created to read:

BILL

CS REQUEST-FOR-PROPOSALS

request-for-proposals

1 601.41 (10) LOCAL GOVERNMENT HEALTH CARE COVERAGE ~~FORM~~ FORM. The
 2 commissioner shall by rule develop a uniform local government health care coverage
 3 ~~form~~ form that a local governmental unit must use under s. 66.0137 (5) (b) if the local
 4 governmental unit solicits bids for health care coverage. The commissioner shall
 5 publish a notice in the Wisconsin Administrative Register that states the effective
 6 date of the rule required under this subsection.

7 SECTION 24. 601.41 (11) of the statutes is created to read:

8 601.41 (11) LOCAL GOVERNMENT HEALTH CARE CLAIMS EXPERIENCE FORM. The
 9 commissioner shall by rule develop a uniform local government health claims
 10 experience form that an insurer must use under s. 632.797 (1) (d). The form may not
 11 require the disclosure of information that identifies an individual or that is
 12 confidential under s. 51.30 ~~or~~ 146.82 ^{or 252.15 ✓} or any applicable federal law. The commissioner
 13 shall publish a notice in the Wisconsin Administrative Register that states the
 14 effective date of the rule required under this subsection.

15 SECTION 25. 601.41 (12) of the statutes is created to read:

16 601.41 (12) SUBSTANTIALLY SIMILAR HEALTH CARE COVERAGE PLAN. The
 17 commissioner shall promulgate rules, that set out a standardized summary of
 18 benefits provided under health care coverage plans, including plans offered under
 19 s. 40.51 (7), for use in determining whether a health care coverage plan is
 20 substantially similar to a plan offered under s. 40.51 (7).

21 SECTION 26. 610.66 of the statutes is created to read:

22 610.66 Local government health care coverage ~~form~~ form. Every insurer
 23 shall use the uniform local government health care coverage ~~form~~ form developed by
 24 the commissioner under s. 601.41 (10) when submitting a bid to a local governmental
 25 unit under s. 66.0137 (5) (b).

B request-for-proposals

BILL

1 **SECTION 27.** 632.797 (1) (d) of the statutes is created to read:

2 632.797 (1) (d) 1. "Local governmental unit" has the meaning given in s.
3 66.0137 (1).

4 2. A policyholder or employer that is a local governmental unit and that
5 requests information under par. (a) that an insurer is required to provide under this
6 section shall notify the department of electronic government when it makes the
7 request for the information.

8 3. An insurer that is required to provide the information under par. (a) to a local
9 governmental unit shall also provide the information to the department of electronic
10 government at the same time as the insurer provides the information to the local
11 governmental unit.

12 4. The insurer shall use the uniform local government health claims experience
13 form developed by the commissioner under s. 601.41 (11) to submit the claims
14 experience information to the local governmental unit and to the department of
15 electronic government.

16 5. If the insurer fails to provide the information to the department of electronic
17 government by the deadline specified in par. (b), the department of electronic
18 government may report the failure to the commissioner.

19 **SECTION 28.** 632.797 (5) of the statutes is amended to read:

20 632.797 (5) An insurer is not required under sub. (1) to provide information
21 that identifies an individual or that is confidential under s. ~~51.30~~² 146.82 or any
22 applicable federal law.

23 **SECTION 29. Nonstatutory provisions.**

24 (1) GROUP INSURANCE BOARD STUDY.

Handwritten notes:
A circled '21' is written next to the word 'or' in the text above.
A handwritten '2' with an arrow points to the number '51.30' in the text above.
A handwritten '252.15' with a checkmark is written below the text above.

BILL

1 (a) The group insurance board shall consult with representatives of group
2 insurance plans regarding the feasibility of developing the following plans for
3 employers to offer their employees under section 40.51 (7) of the statutes:

4 1. A group health insurance plan with at least 3 cost levels, for the purpose of
5 offering a greater choice of plans based on cost to employers and employees.

6 2. A low-cost health insurance plan that provides coverage for catastrophic
7 illness or injury.

8 (b) The group insurance board shall report its findings under paragraph (a) to
9 the governor and to the legislature in the manner provided under section 13.172 (2)
10 of the statutes no later than July 1, 2003.

11 (2) INTERAGENCY TASK FORCE ON BULK PURCHASING OF PRESCRIPTION DRUGS.

12 (a) The secretary of administration shall organize, and provide staff support
13 for, an interagency task force on bulk purchasing of prescription drugs consisting of
14 the heads of the following state agencies or their designees:

15 1. department of administration.

16 2. department of health and family services.

17 3. department of employee trust funds.

18 4. department of veterans affairs.

19 5. department of corrections.

20 6. board of regents of the University of Wisconsin System.

21 7. Any other state agency that purchases prescription drugs.

22 (b) The interagency task force shall examine all of the following:

23 1. Which state agencies would benefit from the bulk purchasing of prescription
24 drugs.

BILL

1 2. Which methods of purchasing prescription drugs would result in the greatest
2 cost savings.

3 3. Whether the state should directly administer the bulk purchasing of
4 prescription drugs or whether the state should contract with a private entity.

5 4. Whether combining prescription drug purchasing efforts with other states
6 is feasible and cost effective.

7 5. How local governmental units could participate in the bulk purchasing of
8 prescription drugs.

9 6. Whether it is feasible to include private sector entities in the bulk purchasing
10 of prescription drugs.

11 7. The estimated cost savings that could be realized from the bulk purchasing
12 of prescription drugs.

13 (c) The interagency task force shall submit its finding to the governor and to
14 the legislature in the manner provided under section 13.172 (2) of the statutes no
15 later than June 1, 2003. Upon submittal of its findings, the interagency task force
16 ceases to exist.

17 (3) SUBMISSION OF RULES. The commissioner of insurance shall submit in
18 proposed form the rules required under section 601.41 (10) and (11) of the statutes,
19 as created by this act, to the legislative council staff under section 227.15 (1) of the
20 statutes no later than the first day of the 4th month beginning after the effective date
21 of this subsection.

22 **SECTION 30. Initial applicability.**

23 (1) The treatment of sections 62.61 (2) and (3), 66.0137 (5) (b) and (c), and
24 610.66 of the statutes first applies to bids solicited by a local governmental unit on
25 the first day of the 3rd month beginning after the date stated in the notice published

BILL

1 by the commissioner of insurance in the Wisconsin Administrative Register under
2 section 601.41 (10) of the statutes.

3 (2) The treatment of section 111.70 (1) (a) and (4) (n) and (o) of the statutes first
4 applies to collective bargaining agreements entered into, extended, modified, or
5 renewed, whichever occurs first, on the effective date of this subsection.

6 (3) The treatment of section 111.70 (4) (c) 2m. and (cm) 7r.d., 7r.e., 7r.f., and 7r.h.
7 of the statutes first applies to an arbitration decision that results from a petition for
8 arbitration submitted on the effective date of this subsection.

9 (4) The treatment of section 632.797 (1) (d) of the statutes first applies to
10 requests for health claims experience information made by a local governmental unit
11 on the first day of the 3rd month beginning after the date stated in the notice
12 published by the commissioner of insurance in the Wisconsin Administrative
13 Register under section 601.41 (11) of the statutes.

14

(END)

7r.g. ↗

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1174/2ins
RAC/PJK/MES:cjs:pg

included

Insert Analysis:

~~not~~ In addition, another factor that must be considered is the average consumer prices for goods and services, commonly known as the cost of living. The bill provides that including in this cost of living factor are the average housing costs and other costs significantly affecting the quality of life.

Insert 11-15:

SECTION 1. 111.70 (4) (cm) 7r. g. of the statutes is amended to read:

111.70 (4) (cm) 7r. g. The average consumer prices for goods and services, commonly known as the cost of living, including specifically average housing costs and other costs significantly affecting the quality of life.

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; 2001 a. 16.

Need to Jacket

1174 for McCormick

for

ASSEMBLY

&

Begin FE

process

Memo

To: Senator Representative **McCormick**

(The Draft's Requester)

Per your request: ... the attached fiscal estimate was prepared for your unIntroduced 2003 draft.

LRB Number: LRB -1174

Version: " / 2 "

Fiscal Estimate Prepared By: (agency abbr.) DOA

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 02 / 11 / 2003

* * * * *

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

- > **If redrafted** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.
- > **If introduced** ... and the version of the attached fiscal estimate is for a **previous version** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Lynn) get the ball rolling on getting a fiscal estimate prepared for the introduced version.
- > **If introduced** ... and the version of the attached fiscal estimate is for the **current version** ... please write the draft's introduction number below and give to Mike (or Lynn) to process.

THIS DRAFT WAS INTRODUCED AS: 2003 _____

Barman, Mike

From: Barman, Mike
Sent: Tuesday, February 11, 2003 8:53 AM
To: Rep.McCormick
Subject: LRB-1174/2 (FE by DOA - attached - for your review)



FE_McCormick.pdf

FE_McCormick.pdf

Fiscal Estimate Narratives

DOA 2/11/2003

LRB Number 03-1174/2	Introduction Number	Estimate Type Original
Subject Collective bargaining over health care coverage for municipal employees		

Assumptions Used in Arriving at Fiscal Estimate

Under the nonstatutory provisions there is created an interagency task force on bulk purchasing of prescription drugs. The Secretary of DOA is charged with organizing and providing staff support for the task force. This would be accomplished using existing resources. No judgements are made on other provisions of the bill.

Long-Range Fiscal Implications

The interagency task force is short term.

Memo

To: Senator Representative **McCormick**

(The Draft's Requester)

Per your request: ... the attached fiscal estimate was prepared for your unIntroduced 2003 draft.

LRB Number: LRB - 1174

Version: " / 2 "

Fiscal Estimate Prepared By: (agency abbr.) ERC

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 02 / 13 / 2003

* * * * *

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

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- > **If introduced** ... and the version of the attached fiscal estimate is for the **current version** ... please write the draft's introduction number below and give to Mike (or Lynn) to process.

THIS DRAFT WAS INTRODUCED AS: 2003 _____

Barman, Mike

From: Barman, Mike
Sent: Thursday, February 13, 2003 8:09 AM
To: Rep.McCormick
Subject: LRB-1174/2 (FE by ERC - attached - for your review)



FE.pdf

FE.pdf

Fiscal Estimate - 2003 Session

Original Updated Corrected Supplemental

LRB Number 03-1174/2	Introduction Number
Subject Collective bargaining over health care coverage for municipal employees	
Fiscal Effect	
State:	
<input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local:	
<input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
Agency/Prepared By ERC/ Georgann Kramer (608) 266-9287	Authorized Signature Peter Davis (608) 266-2993
Date 2/12/2003	

Fiscal Estimate Narratives

ERC 2/13/2003

LRB Number	03-1174/2	Introduction Number	Estimate Type	Original
Subject				
Collective bargaining over health care coverage for municipal employees				

Assumptions Used in Arriving at Fiscal Estimate

LRB 03-1174/2 will have no fiscal impact on the WERC.

Given the requirement that any insurance cost savings be passed on to affected employees in the form of wage increases, LRB 03-1174/2 will have no fiscal impact on local government.

Long-Range Fiscal Implications

Memo

To: Senator

Representative

McCormick

(The Draft's Requester)

Per your request: ... the attached fiscal estimate was prepared for your unIntroduced 2003 draft.

LRB Number: LRB -1174

Version: "1/2"

Fiscal Estimate Prepared By: (agency abbr.) ETF

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 03 / 05 / 2003

* * * * *

To: LRB – Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

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THIS DRAFT WAS INTRODUCED AS: 2003 _____

Emery, Lynn

From: Emery, Lynn
Sent: Wednesday, March 05, 2003 11:34 AM
To: Rep.McCormick
Subject: LRB-1174/2 (FE by ETF - attached - for your review)



03-1174feETF.pdf

03-1174feETF.pdf

Fiscal Estimate Narratives

ETF 3/5/2003

LRB Number 03-1174/2	Introduction Number	Estimate Type	Original
Subject			
Collective bargaining over health care coverage for municipal employees			

Assumptions Used in Arriving at Fiscal Estimate

Extending long term care to locals - expect no fiscal effect.

Requiring the GIB to prepare a report on offering group health insurance plans at different cost levels to local government employers and employees will require substantial actuarial work. The actuary to the GIB estimates \$100,000 will be needed to complete an actuarial analysis of the costs to prepare this report. This will require GPR funding, since non trust related purposes cannot be paid for with trust fund dollars.

Participating in the interagency task force on bulk purchasing of prescription drugs will require staff time but no fiscal effect for the purposes of this estimate.

Regarding the costs/savings for extending the ERA program to local governments, we would estimate approximately 1,100 local government employers with as many as 150,000 eligible employees that could participate. A third party administrator would be used to administer the program; administrative fees would be paid to them. The administration fee could be \$.25 per eligible employee per month; the annual enrollment fee would be \$.27 per eligible employee per month. In addition, each employer would be charged \$1.38 per participant per month. Following is an example:

Example:

If there are 150,000 eligible local government employees:

Admin. Fee: 150,000 employees X .25 = \$37,500 X 12 = \$450,000

Enrollment Fee: 150,000 employees X .27 = \$40,500 X 12 = \$486,000

Per Participant Fee:

5% participation: 7,500 participants x 1.38 x 12 = \$124,200

10% participation: 15,000 participants x 1.38 x 12 = \$248,400

14% participation: 21,000 participants x 1.38 X 12 = \$347,760

The potential savings to the employer: FICA (7.65%) on all contributions to medical expense account, dependent care accounts, and health and life insurance. The potential savings to the employee: FICA (7.65% plus federal and state taxes).

Long-Range Fiscal Implications

ongoing

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-1174/2		Introduction Number	
Subject			
Collective bargaining over health care coverage for municipal employees			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$100,000 for actuarial study.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
ETF/ Vicki Poole (608) 261-7940		Pam Henning (608) 267-2929	3/5/2003

Fiscal Estimate - 2003 Session

Original Updated Corrected Supplemental

LRB Number **03-1174/2** Introduction Number

Subject
 Collective bargaining over health care coverage for municipal employees

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations Increase Existing Revenues Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations Decrease Existing Revenues Yes No
 Create New Appropriations Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. Increase Costs 3. Increase Revenue
 Permissive Mandatory Permissive Mandatory
 2. Decrease Costs 4. Decrease Revenue
 Permissive Mandatory Permissive Mandatory

5. Types of Local Government Units Affected
 Towns Village Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR FED PRO PRS SEG SEGS

Agency/Prepared By OCI/ Jim Guidry (608) 264-6239	Authorized Signature Jorge Gomez (608) 266-3585	Date 9/25/2003
---	---	--------------------------

copy sent to
 Rep. McCormick
 9-25-03
 ↳

FE's for old
 "1/2" version
 ↳ Draft is now
 a "1/3"

↳ Intro. as AB-304

Fiscal Estimate Narratives

OCI 9/25/2003

LRB Number	03-1174/2	Introduction Number	Estimate Type	Original
Subject				
Collective bargaining over health care coverage for municipal employees				

Assumptions Used in Arriving at Fiscal Estimate

LRB 03-1174/2 would require OCI to promulgate rules that would:

1. Develop a uniform local government health care coverage request-for-proposal form which the local government must use.
2. Develop a uniform local government health claims experience form that an insurer must use.
3. Set out a standardized summary of benefits provided under health care coverage plans for use in determining whether a health care coverage plan is substantially similar to a plan offered under 40.51(7). It is necessary to define "substantially similar" in order for municipal employers to comply with sections 22 and 23 on page 12 of the bill.

In order to determine the necessary information that would be required to be included in a uniform RFP; determine what would constitute uniform local government health claims experience; and determining those benefits that would meet the definition of "substantially similar", as well as developing the definition of "substantially similar", OCI would require the input of actuarially based information. Presently, OCI does not have an actuary on staff and it would be necessary to consult with an outside actuary on a contract basis. Informal inquiries with actuarial firms have indicated that such consultations could be provided for approximately \$20,000.

Actual promulgation of these rules would increase costs to OCI, however those costs could be absorbed into OCI's existing budget with the exception of the previously identified consultant cost.

The effect on local governments is indeterminate at this point. Since local units of government operate independent of one another, their administrative procedures vary. It is assumed that local governments would see an increase in their administrative functions as a result of the requirements of this bill, but OCI is not able to estimate those costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-1174/2		Introduction Number	
Subject			
Collective bargaining over health care coverage for municipal employees			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
Actuarial services.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs		20,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$20,000	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS		20,000	
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$20,000	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
OCI/ Jim Guidry (608) 264-6239		Jorge Gomez (608) 266-3585	9/25/2003