D-Note

State of Wisconsin
2003 – 2004 LEGISLATURE

LRB–1174/~~2~~ 3
RAC/PJK/MES:cjs:~~jf~~ stays
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2003 BILL

SA ✓ X-ref ✓

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

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

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

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. 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 included in this cost of living factor are the average housing costs and other costs significantly affecting the quality of life.

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 make the information available to the public.

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, 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 make the aggregate group health claims experience information that it receives from insurers 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)** Make available to the public without charge to local governmental
3 units, the information received from local governmental units under s. 66.0137 (5)
4 (c) in a manner determined by the department to enable the general public to make
5 meaningful comparisons of the bids received. The department shall specify the
6 format that local governmental units shall use in submitting the information and

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

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

22.07 **(11)** Make available to the public the aggregate group health claims experience information received from insurers under s. 632.797 (1) (d) in the manner determined by the department.

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

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

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

40.85 **(1)** The board shall select and contract with employee–funded reimbursement account plan providers to be used by state agencies <u>and, at their option, by other employers</u>.

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

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

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

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

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 request–for–proposals form developed by the commissioner of insurance
10 under s. 601.41 (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.

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

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

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

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

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

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

18 66.0137 **(5)** (b) If a local governmental unit solicits bids to provide health care
19 coverage under par. (a), the local governmental unit shall use the uniform local
20 governmental health care coverage request–for–proposals form developed by the
21 commissioner of insurance under s. 601.41 (10) to solicit the bids.

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

department of electronic government, the local governmental unit shall do at least one of the following:

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

2. Post notice on the local government'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.

3. 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 local governmental unit, or both.

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

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

1 management and direction of the governmental unit except insofar as the manner
2 of exercise of such functions affects the wages, hours and conditions of employment
3 of the municipal employees in a collective bargaining unit. In creating this
4 subchapter the legislature recognizes that the municipal employer must exercise its
5 powers and responsibilities to act for the government and good order of the
6 jurisdiction which it serves, its commercial benefit and the health, safety and welfare
7 of the public to assure orderly operations and functions within its jurisdiction,
8 subject to those rights secured to municipal employees by the constitutions of this
9 state and of the United States and by this subchapter.

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

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

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

20 111.70 **(4)** (cm) 7r. d. Comparison of wages, hours and conditions of employment
21 of the municipal employees involved in the arbitration proceedings with the wages,
22 hours and conditions of employment of other employees performing similar services.
23 <u>In making this comparison, the arbitrator or arbitration panel shall consider wages,</u>
24 <u>hours, and conditions of employment as a whole, rather than as individual elements.</u>

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

1 111.70 **(4)** (cm) 7r. e. Comparison of the wages, hours and conditions of
2 employment of the municipal employees involved in the arbitration proceedings with
3 the wages, hours and conditions of employment of other employees generally in
4 public employment in the same community and in comparable communities. In
5 making this comparison, the arbitrator or arbitration panel shall consider wages,
6 hours, and conditions of employment as a whole, rather than as individual elements.

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

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

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

15 111.70 **(4)** (cm) 7r. g. The average consumer prices for goods and services,
16 commonly known as the cost of living, including specifically average housing costs
17 and other costs significantly affecting the quality of life.

18 **SECTION 21.** 111.70 (4) (cm) 7r. h. of the statutes is amended to read:

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

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

Insert 11-24

111.70 **(4)** (n) *Municipal employer–initiated change in health care coverage plan provider.* 1. Notwithstanding the terms of a collective bargaining agreement, a municipal employer may unilaterally change its employees' health care coverage plan provider without the consent of any affected employee in the collective bargaining unit if the benefits provided by the new health care coverage plan provider are substantially similar to those provided by the former health care coverage plan provider and if the persons who provide health care coverage under the new plan are the same as under the former plan. Any such unilateral change in health care coverage plan provider is not a violation of a collective bargaining agreement or a prohibited practice under sub. (3) (a) ~~X~~ and, for purposes of a qualified economic offer, ~~does not affect the maintenance~~ meets a school satisfies the requirement to maintain of fringe benefits under sub. (1) (nc).

2. Any moneys saved by a municipal employer as a result of a change in health care coverage plan provider under subd. 1. shall be used to increase the wages paid to the affected employees during the period covered by their collective bargaining agreement and wage-related costs resulting from the increase in wages. Any such increase in wages increase by the municipal employer is not a prohibited practice under sub. (3) (a) ~~X~~ and wage-related costs.

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each wage related cost

SECTION 23. 111.70 (4) (o) of the statutes is created to read:

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

Insert 13-3

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

3 **SECTION 24.** 601.41 (10) of the statutes is created to read:

4 601.41 **(10)** LOCAL GOVERNMENT HEALTH CARE COVERAGE REQUEST–FOR–PROPOSALS
5 FORM. The commissioner shall by rule develop a uniform local government health
6 care coverage request–for–proposals form that a local governmental unit must use
7 under s. 66.0137 (5) (b) if the local governmental unit solicits bids for health care
8 coverage. The commissioner shall publish a notice in the Wisconsin Administrative
9 Register that states the effective date of the rule required under this subsection.

10 **SECTION 25.** 601.41 (11) of the statutes is created to read:

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

18 **SECTION 26.** 601.41 (12) of the statutes is created to read:

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

24 **SECTION 27.** 610.66 of the statutes is created to read:

1 **610.66 Local government health care coverage request–for–proposals**
2 **form.** Every insurer shall use the uniform local government health care coverage
3 request–for–proposals form developed by the commissioner under s. 601.41 (10)
4 when submitting a bid to a local governmental unit under s. 66.0137 (5) (b).

5 **SECTION 28.** 632.797 (1) (d) of the statutes is created to read:

6 632.797 **(1)** (d) 1. "Local governmental unit" has the meaning given in s.
7 66.0137 (1).

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

12 3. An insurer that is required to provide the information under par. (a) to a local
13 governmental unit shall also provide the information to the department of electronic
14 government at the same time as the insurer provides the information to the local
15 governmental unit.

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

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

23 **SECTION 29.** 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, 146.82, or 252.15 or any applicable federal law.

SECTION 30. Nonstatutory provisions.

(1) GROUP INSURANCE BOARD STUDY.

(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 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.

(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.

(2) 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:

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.

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

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

3 1. Which state agencies would benefit from the bulk purchasing of prescription
4 drugs.

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

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

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

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

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

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

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

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

SECTION 31. Initial applicability.

(1) The treatment of sections 62.61 (2) and (3), 66.0137 (5) (b) and (c), and 610.66 of the statutes first applies to bids solicited by a local governmental unit on the first day of the 3rd month beginning after the date stated in the notice published by the commissioner of insurance in the Wisconsin Administrative Register under section 601.41 (10) of the statutes.

(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 subsection.

(3) The treatment of section 111.70 (4) (c) 2m. ~~and~~ (cm) 7r. d., 7r. e., 7r. f., 7r. g., and 7r. h. and (jm) and 111.77 (6) (dm) of the statutes first applies to an arbitration decision that results from a petition for arbitration submitted on the effective date of this subsection. STET: leave as typed

(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 date stated in the notice published by the commissioner of insurance in the Wisconsin Administrative Register under section 601.41 (11) of the statutes.

(END)

Insert 11–24:

SECTION 1. 111.70 (4) (jm) 4m. of the statutes is created to read:

111.70 **(4)** (jm) 4m. For the purpose of setting wages and determining hours and conditions of employment under subd. 4., if the arbitrator compares the wages, hours, and conditions of employment with the wages, hours, and conditions of employment of other employees performing similar services or in the same or comparable community, the arbitrator shall consider wages, hours, and conditions of employment as a whole, rather than as individual elements.

Insert 13–3:

SECTION 2. 111.77 (6) (dm) of the statutes is created to read:

111.77 **(6)** (dm) In making the comparison of wages, hours, and conditions of employment under par (d), the arbitrator shall consider wages, hours, and conditions of employment as a whole, rather than as individual elements.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–1174/3dn
RAC:.../:...

gjs

In addition to making the changes that you requested, I also made a couple of technical changes based on my re–reading the draft. The treatment of ss. 11.70 (4) (jm) 4m. and 111.77 (6) (dm) ensures that the arbitrator, in making comparisons involving wages, hours, and conditions of employment of law enforcement officers and fire fighters, considers the wages, hours, and conditions of employment as a whole rather than as individual elements. Also, in s. 111.70 (4) (n), I clarified the intent of the proposal; the only substantive change is that the moneys saved from changing the provider must be used to increase wages *and wage–related costs*. Originally, the proposal mentioned only wages without specifically mentioning the increased costs associated with increased wages. Please make certain that this is consistent with your intent.

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

State of Wisconsin
2003 – 2004 LEGISLATURE

LRB–1174/3
RAC/PJK/MES:cjs:pg

2003 BILL

stays
/3
(it was previously
blue-sheeted)

AN ACT ***to renumber and amend*** 62.61 and 66.0137 (5); ***to amend*** 40.02 (25) (bm), 66.0137 (1), 111.70 (1) (a), 111.70 (4) (cm) 7r. d., 111.70 (4) (cm) 7r. e., 111.70 (4) (cm) 7r. f., 111.70 (4) (cm) 7r. g., 111.70 (4) (cm) 7r. h. and 632.797 (5); and ***to create*** 22.07 (10), 22.07 (11), 62.61 (2), 62.61 (3), 66.0137 (5) (b) and (c), 111.70 (4) (c) 2m., 111.70 (4) (jm) 4m., 111.70 (4) (n), 111.70 (4) (o), 111.77 (6) (dm), 601.41 (10), 601.41 (11), 601.41 (12), 610.66 and 632.797 (1) (d) of the statutes; **relating to:** collective bargaining over health care coverage for municipal employees; allowing municipal employers to change health care coverage plan providers; factors considered in rendering a collective bargaining arbitration decision; requiring the Group Insurance Board to prepare a report on offering group health insurance plans at different cost levels to local government employers and employees; requiring the Group Insurance Board to offer for purchase long–term care insurance policies to employees of local governments; convening a task force to conduct a feasibility study on forming

1 a state pool for the bulk purchasing of prescription drugs; disclosure of health
2 insurance claims experience of local governmental units; bids submitted to
3 local governmental units for health insurance; requiring the Commissioner of
4 Insurance to promulgate rules establishing uniform forms for local government
5 health care coverage requests for proposals and health claims experience and
6 summarizing benefits provided under health care benefit plans; and granting
7 rule–making authority.

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 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. 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 included in this cost of living factor are the average housing costs and other costs significantly affecting the quality of life.

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.

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 make the information available to the public.

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, 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 make the aggregate group health claims experience information that it receives from insurers 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)** Make available to the public without charge to local governmental
3 units, the information received from local governmental units under s. 66.0137 (5)
4 (c) in a manner determined by the department to enable the general public to make
5 meaningful comparisons of the bids received. The department shall specify the
6 format that local governmental units shall use in submitting the information and
7 shall make information about the format readily available to local governmental
8 units.

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

22.07 **(11)** Make available to the public the aggregate group health claims experience information received from insurers under s. 632.797 (1) (d) in the manner determined by the department.

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

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

SECTION 4. 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

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

5 **SECTION 5.** 62.61 (2) of the statutes is created to read:

6 62.61 **(2)** If a 1st class city solicits bids to provide health care coverage under
7 sub. (1), the 1st class city shall use the uniform local governmental health care
8 coverage request–for–proposals form developed by the commissioner of insurance
9 under s. 601.41 (10) to solicit the bids.

10 **SECTION 6.** 62.61 (3) of the statutes is created to read:

11 62.61 **(3)** A 1st class city shall submit information about a bid it receives to the
12 department of electronic government in the format specified under s. 22.07 (10) no
13 later than 30 days after the bid is received or, in the case of a sealed bid, no later than
14 30 days after the bid is opened. At the time the information is submitted to the
15 department of electronic government, the 1st class city shall do at least one of the
16 following:

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

18 (b) Post notice on the city's Internet site, if any, that the information has been
19 submitted to the department of electronic government.

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

24 **SECTION 7.** 66.0137 (1) of the statutes is amended to read:

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

5 **SECTION 8.** 66.0137 (5) of the statutes is renumbered 66.0137 (5) (a) amended
6 to read:

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

17 **SECTION 9.** 66.0137 (5) (b) and (c) of the statutes are created to read:

18 66.0137 **(5)** (b) If a local governmental unit solicits bids to provide health care
19 coverage under par. (a), the local governmental unit shall use the uniform local
20 governmental health care coverage request–for–proposals form developed by the
21 commissioner of insurance under s. 601.41 (10) to solicit the bids.

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

1 department of electronic government, the local governmental unit shall do at least
2 one of the following:

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

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

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

11 **SECTION 10.** 111.70 (1) (a) of the statutes is amended to read:

12 111.70 **(1)** (a) "Collective bargaining" means the performance of the mutual
13 obligation of a municipal employer, through its officers and agents, and the
14 representative of its municipal employees in a collective bargaining unit, to meet and
15 confer at reasonable times, in good faith, with the intention of reaching an
16 agreement, or to resolve questions arising under such an agreement, with respect to
17 wages, hours and conditions of employment, and with respect to a requirement of the
18 municipal employer for a municipal employee to perform law enforcement and fire
19 fighting services under s. 61.66, except as provided in sub. (4) (m), (n), and (o) and
20 s. 40.81 (3) and except that a municipal employer shall not meet and confer with
21 respect to any proposal to diminish or abridge the rights guaranteed to municipal
22 employees under ch. 164. The duty to bargain, however, does not compel either party
23 to agree to a proposal or require the making of a concession. Collective bargaining
24 includes the reduction of any agreement reached to a written and signed document.
25 The municipal employer shall not be required to bargain on subjects reserved to

1 management and direction of the governmental unit except insofar as the manner
2 of exercise of such functions affects the wages, hours and conditions of employment
3 of the municipal employees in a collective bargaining unit. In creating this
4 subchapter the legislature recognizes that the municipal employer must exercise its
5 powers and responsibilities to act for the government and good order of the
6 jurisdiction which it serves, its commercial benefit and the health, safety and welfare
7 of the public to assure orderly operations and functions within its jurisdiction,
8 subject to those rights secured to municipal employees by the constitutions of this
9 state and of the United States and by this subchapter.

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

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

19 **SECTION 12.** 111.70 (4) (cm) 7r. d. of the statutes is amended to read:

20 111.70 **(4)** (cm) 7r. d. Comparison of wages, hours and conditions of employment
21 of the municipal employees involved in the arbitration proceedings with the wages,
22 hours and conditions of employment of other employees performing similar services.
23 <u>In making this comparison, the arbitrator or arbitration panel shall consider wages,</u>
24 <u>hours, and conditions of employment as a whole, rather than as individual elements.</u>

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

1 111.70 (4) (cm) 7r. e. Comparison of the wages, hours and conditions of
2 employment of the municipal employees involved in the arbitration proceedings with
3 the wages, hours and conditions of employment of other employees generally in
4 public employment in the same community and in comparable communities. In
5 making this comparison, the arbitrator or arbitration panel shall consider wages,
6 hours, and conditions of employment as a whole, rather than as individual elements.

7 **SECTION 14.** 111.70 (4) (cm) 7r. f. of the statutes is amended to read:

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

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

15 111.70 (4) (cm) 7r. g. The average consumer prices for goods and services,
16 commonly known as the cost of living, including specifically average housing costs
17 and other costs significantly affecting the quality of life.

18 **SECTION 16.** 111.70 (4) (cm) 7r. h. of the statutes is amended to read:

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

25 **SECTION 17.** 111.70 (4) (jm) 4m. of the statutes is created to read:

111.70 **(4)** (jm) 4m. For the purpose of setting wages and determining hours and conditions of employment under subd. 4., if the arbitrator compares the wages, hours, and conditions of employment with the wages, hours, and conditions of employment of other employees performing similar services or in the same community or comparable communities, the arbitrator shall consider wages, hours, and conditions of employment as a whole, rather than as individual elements.

SECTION 18. 111.70 (4) (n) of the statutes is created to read:

111.70 **(4)** (n) *Municipal employer–initiated change in health care coverage plan provider.* 1. Notwithstanding the terms of a collective bargaining agreement, a municipal employer may unilaterally change its employees' health care coverage plan provider without the consent of any affected employee in the collective bargaining unit if the benefits provided by the new health care coverage plan provider are substantially similar to those provided by the former health care coverage plan provider and if the persons who provide health care coverage under the new plan are the same as under the former plan. Any such unilateral change in health care coverage plan provider is not a violation of a collective bargaining agreement or a prohibited practice under sub. (3) (a) and, for purposes of a qualified economic offer, satisfies the requirement to maintain fringe benefits under sub. (1) (nc).

2. Any moneys saved by a municipal employer as a result of a change in health care coverage plan provider under subd. 1. shall be used to increase the wages paid to the affected employees during the period covered by their collective bargaining agreement and wage–related costs resulting from the increase in wages. Any such increase in wages and wage–related costs by the municipal employer is not a prohibited practice under sub. (3) (a).

1 **SECTION 19.** 111.70 (4) (o) of the statutes is created to read:

2 111.70 **(4)** (o) *Prohibited subject of collective bargaining.* 1. A municipal
3 employer is prohibited from bargaining collectively with respect to the employer's
4 selection of a health care coverage plan if the municipal employer offers to enroll the
5 employees in a health care coverage plan under s. 40.51 (7) or in a health care
6 coverage plan that is substantially similar to a plan offered under s. 40.51 (7). The
7 commission shall use the criteria in rules promulgated by the commissioner of
8 insurance under s. 601.41 (12) to determine if health care coverage plans are
9 substantially similar.

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

12 **SECTION 20.** 111.77 (6) (dm) of the statutes is created to read:

13 111.77 **(6)** (dm) In making the comparison of wages, hours, and conditions of
14 employment under par (d), the arbitrator shall consider wages, hours, and conditions
15 of employment as a whole, rather than as individual elements.

16 **SECTION 21.** 601.41 (10) of the statutes is created to read:

17 601.41 **(10)** LOCAL GOVERNMENT HEALTH CARE COVERAGE REQUEST–FOR–PROPOSALS
18 FORM. The commissioner shall by rule develop a uniform local government health
19 care coverage request–for–proposals form that a local governmental unit must use
20 under s. 66.0137 (5) (b) if the local governmental unit solicits bids for health care
21 coverage. The commissioner shall publish a notice in the Wisconsin Administrative
22 Register that states the effective date of the rule required under this subsection.

23 **SECTION 22.** 601.41 (11) of the statutes is created to read:

24 601.41 **(11)** LOCAL GOVERNMENT HEALTH CARE CLAIMS EXPERIENCE FORM. The
25 commissioner shall by rule develop a uniform local government health claims

1 experience form that an insurer must use under s. 632.797 (1) (d). The form may not
2 require the disclosure of information that identifies an individual or that is
3 confidential under s. 51.30, 146.82, or 252.15 or any applicable federal law. The
4 commissioner shall publish a notice in the Wisconsin Administrative Register that
5 states the effective date of the rule required under this subsection.

6 **SECTION 23.** 601.41 (12) of the statutes is created to read:

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

12 **SECTION 24.** 610.66 of the statutes is created to read:

13 **610.66 Local government health care coverage request–for–proposals**
14 **form.** Every insurer shall use the uniform local government health care coverage
15 request–for–proposals form developed by the commissioner under s. 601.41 (10)
16 when submitting a bid to a local governmental unit under s. 66.0137 (5) (b).

17 **SECTION 25.** 632.797 (1) (d) of the statutes is created to read:

18 632.797 **(1)** (d) 1. "Local governmental unit" has the meaning given in s.
19 66.0137 (1).

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

24 3. An insurer that is required to provide the information under par. (a) to a local
25 governmental unit shall also provide the information to the department of electronic

1 government at the same time as the insurer provides the information to the local
2 governmental unit.

3 4. The insurer shall use the uniform local government health claims experience
4 form developed by the commissioner under s. 601.41 (11) 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 provide the information to the department of electronic
8 government by the deadline specified in par. (b), the department of electronic
9 government may report the failure to the commissioner.

10 **SECTION 26.** 632.797 (5) of the statutes is amended to read:

11 632.797 **(5)** An insurer is not required under sub. (1) to provide information
12 that identifies an individual or that is confidential under s. 51.30, 146.82, or 252.15
13 or any applicable federal law.

14 **SECTION 27. Nonstatutory provisions.**

15 (1) GROUP INSURANCE BOARD STUDY.

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

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

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

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

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

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

5 1. department of administration.

6 2. department of health and family services.

7 3. department of employee trust funds.

8 4. department of veterans affairs.

9 5. department of corrections.

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

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

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

13 1. Which state agencies would benefit from the bulk purchasing of prescription
14 drugs.

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

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

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

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

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

1 7. The estimated cost savings that could be realized from the bulk purchasing
2 of prescription drugs.
3 (c) The interagency task force shall submit its finding to the governor and to
4 the legislature in the manner provided under section 13.172 (2) of the statutes no
5 later than June 1, 2003. Upon submittal of its findings, the interagency task force
6 ceases to exist.
7 (3) SUBMISSION OF RULES. The commissioner of insurance shall submit in
8 proposed form the rules required under section 601.41 (10) and (11) of the statutes,
9 as created by this act, to the legislative council staff under section 227.15 (1) of the
10 statutes no later than the first day of the 4th month beginning after the effective date
11 of this subsection.
12 **SECTION 28. Initial applicability.**
13 (1) The treatment of sections 62.61 (2) and (3), 66.0137 (5) (b) and (c), and
14 610.66 of the statutes first applies to bids solicited by a local governmental unit on
15 the first day of the 3rd month beginning after the date stated in the notice published
16 by the commissioner of insurance in the Wisconsin Administrative Register under
17 section 601.41 (10) of the statutes.
18 (2) The treatment of section 111.70 (1) (a) and (4) (n) and (o) of the statutes first
19 applies to collective bargaining agreements entered into, extended, modified, or
20 renewed, whichever occurs first, on the effective date of this subsection.
21 (3) The treatment of sections 111.70 (4) (c) 2m., (cm) 7r. d., 7r. e., 7r. f., 7r. g.,
22 and 7r. h., and (jm) and 111.77 (6) (dm) of the statutes first applies to an arbitration
23 decision that results from a petition for arbitration submitted on the effective date
24 of this subsection.

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

6 **(END)**

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–1174/3dn
RAC:cjs:pg

Stays
/3dn

April 2, 2003

In addition to making the changes that you requested, I also made a couple of technical changes based on my re–reading the draft. The treatment of ss. 11.70 (4) (jm) 4m. and 111.77 (6) (dm) ensures that the arbitrator, in making comparisons involving wages, hours, and conditions of employment of law enforcement officers and fire fighters, considers the wages, hours, and conditions of employment as a whole rather than as individual elements. Also, in s. 111.70 (4) (n), I clarified the intent of the proposal; the only substantive change is that the moneys saved from changing the provider must be used to increase wages *and pay for wage–related costs.* Originally, the proposal mentioned only paying wages without specifically mentioning paying the increased costs associated with increased wages. Please make certain that this is consistent with your intent.

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

INS D NOTE

INS D NOTE

~~Please add to D note:~~

This version of the draft does not include any provision related to prohibiting a local governmental unit or a school district that leaves a health insurance pool from reapplying for coverage in the pool for a specified period of time. (Note that ETF already has the authority to establish such a requirement for local governmental units under s. 40.51 (7).) If you want to add the described prohibition, we can redraft this bill or draft an amendment to it after introduction.

PJK

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In addition to making the changes that you requested, I also made a couple of technical changes based on my re–reading the draft. The treatment of ss. 11.70 (4) (jm) 4m. and 111.77 (6) (dm) ensures that the arbitrator, in making comparisons involving wages, hours, and conditions of employment of law enforcement officers and fire fighters, considers the wages, hours, and conditions of employment as a whole rather than as individual elements. Also, in s. 111.70 (4) (n), I clarified the intent of the proposal; the only substantive change is that the moneys saved from changing the provider must be used to increase wages *and pay for wage–related costs.* Originally, the proposal mentioned only paying wages without specifically mentioning paying the increased costs associated with increased wages. Please make certain that this is consistent with your intent.

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

This version of the draft does not include any provision related to prohibiting a local governmental unit or a school district that leaves a health insurance pool from reapplying for coverage in the pool for a specified period of time. (Note that ETF already has the authority to establish such a requirement for local governmental units under s. 40.51 (7).) If you want to add the described prohibition, we can redraft this bill or draft an amendment to it after introduction.

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

Barman, Mike

From: Mentkowski, Annie
Sent: Wednesday, April 02, 2003 4:47 PM
To: Barman, Mike
Subject: LRB-1174

Hi Mike-
Per RAC, LRB-1174 needs a new Fiscal Estimate

Thanks,
Annie

Barman, Mike

From: Barman, Mike
Sent: Thursday, April 03, 2003 10:04 AM
To: Rep.McCormick
Subject: LRB-1174/3 (attached - for your review)

03-1174/3 03-1174/3dn

Mike Barman

Mike Barman - Senior Program Asst. (PH. 608-266-0561)
(E-Mail: mike.barman@legis.state.wi.us) (FAX: 608-264-6948)

State of Wisconsin
Legislative Reference Bureau - Legal Section - Front Office
100 N. Hamilton Street - 5th Floor
Madison, WI 53703

Reports Required: FE-STATE, FE-LOCAL

2003 ASSEMBLY BILL _____

LRB -1174

ASSEMBLY _____

relating to: collective bargaining over health care coverage for municipal employees; allowing municipal employers to change health care coverage plan providers; factors considered in rendering a collective bargaining arbitration decision; requiring the Group Insurance Board to prepare a report on offering group health insurance plans at different cost levels to local government employers and employees; expanding the employee-funded reimbursement accounts program administered by the Group Insurance Board to local government employers; requiring the Group Insurance Board to offer for purchase long-term care insurance policies to employees of local governments; convening a task force to conduct a feasibility study on forming a state pool for the bulk purchasing of prescription drugs; disclosure of health insurance claims experience of local governmental units; bids submitted to local governmental units for health insurance; requiring the Commissioner of Insurance to promulgate rules establishing uniform forms for local government health care coverage requests for proposals and health claims experience and summarizing benefits provided under health care benefit plans; and granting rule-making authority.

Introduced by Representative McCORMICK (PRINCIPAL AUTHOR) Cosponsored by Senator _____

(BY REQUEST OF)

(CONTINUE HERE FOR ADDITIONAL REPRESENTATIVES) (CONTINUE HERE FOR ADDITIONAL SENATORS)

ALBERS		DARLING	
GIELOW		HARSDORF	
GROTHMAN		KANAVAS	
GUNDERSON		STEPP	
HAHN		WELCH	
HINES			
JENSEN			
KESTELL			
KRAWCZYK			
LADWIG			
LASEE			
LOTHIAN			
MUSSER			
PETTIS			
SERATTI			
STONE			
VAN ROY			
VRAKAS			
VUKMIR			
WEBER			
WIECKERT			
J WOOD			

Jacket for "12"

Memo

To: Senator ☐ Representative ☑ Mc Cormick *(The Draft's Requester)*

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

LRB Number: LRB -1174

Version: "/3"

Fiscal Estimate Prepared By: (agency abbr.) OCI

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: 04 / 14 (4/22) / 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 AB-304

Barman, Mike

From: Barman, Mike
Sent: Monday, April 14, 2003 10:59 AM
To: Rep.McCormick
Subject: LRB-1174/3 (FE by OCI - attached - for your review)

FE_McCormick.pdf

FE_McCormick.pdf