

2003 DRAFTING REQUEST

Bill

Received: 03/03/2004

Received By: rchampag

Wanted: Soon

Identical to LRB:

For: Alberta Darling (608) 266-5830

By/Representing: Rebecca

This file may be shown to any legislator: NO

Drafter: rchampag

May Contact:

Addl. Drafters: mshovers

Subject: Employ Pub - employee benefits

Extra Copies:

Submit via email: YES

Requester's email: Sen.Darling@legis.state.wi.us

Carbon copy (CC:) to: joseph.kreye@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Health savings accounts for state employees

Instructions:

Same as 4350/2

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|------------------------|-----------------------|------------------------|----------------|----------------------|-----------------------|-----------------|
| /? | rchampag 03/03/2004 | kgilfoy 03/03/2004 | | _____ | | | State Tax |
| /1 | | | rschluet 03/03/2004 | _____ | lemery 03/03/2004 | mbarman 03/03/2004 | State |
| /2 | rchampag | kgilfoy | pgreensl | _____ | mbarman | mbarman | |

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|----------------|-----------------|--------------|----------------|------------------|-----------------|-----------------|
| | 03/08/2004 | 03/08/2004 | 03/08/2004 | _____ | 03/08/2004 | 03/08/2004 | |

FE Sent For:

At
Intro.

<END>

2003 DRAFTING REQUEST

Bill

Received: 03/03/2004

Received By: **rchampag**

Wanted: **Soon**

Identical to LRB:

For: **Alberta Darling (608) 266-5830**

By/Representing: **Rebecca**

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

Drafter: **rchampag**

May Contact:

Addl. Drafters: **mshovers**

Subject: **Employ Pub - employee benefits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Darling@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Health savings accounts for state employees

Instructions:

Same as 4350/2

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|------------------------|------------------------------|-------------------------|--------------------------|----------------------|-----------------------|-----------------|
| /? | rchampag 03/03/2004 | kgilfoy 03/03/2004 | | <i>3/8</i> | | | State Tax |
| /1 | | <i>12-3/8</i> <i>King</i> | rschluet 03/03/2004 | <i>3/8</i> <i>del</i> | lemery 03/03/2004 | mbarman 03/03/2004 | |
| | | | <i>3/8</i> <i>ps</i> | | | | |

03/03/2004 05:00:47 PM

Page 2

FE Sent For:

<END>

2003 DRAFTING REQUEST

Bill

Received: **03/03/2004**

Received By: **rchampag**

Wanted: **Soon**

Identical to LRB:

For: **Alberta Darling (608) 266-5830**

By/Representing: **Rebecca**

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

Drafter: **rchampag**

May Contact:

Addl. Drafters: **mshovers**

Subject: **Employ Pub - employee benefits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Darling@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Health savings accounts for state employees

Instructions:

Same as 4350/2

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|------------------------|-----------------------|------------------------|----------------|----------------------|-----------------|-----------------|
| /? | rchampag 03/03/2004 | kgilfoy 03/03/2004 | | _____ | | | State Tax |
| /1 | | | rschluet 03/03/2004 | _____ | lemery 03/03/2004 | | |

FE Sent For:

<END>

2003 DRAFTING REQUEST

Bill

Received: 03/03/2004

Received By: rchampag

Wanted: Soon

Identical to LRB:

For: Alberta Darling (608) 266-5830

By/Representing: Rebecca

This file may be shown to any legislator: NO

Drafter: rchampag

May Contact:

Addl. Drafters:

Subject: Employ Pub - employee benefits

Extra Copies:

Submit via email: YES

Requester's email: Sen.Darling@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given



Topic:

Health savings accounts for state employees

Instructions:

Same as 4350/2

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|----------------|-----------------|---|---|------------------|-----------------|-----------------|
| 1/? | rchampag | 1-3/3 King |  |  | | | |

FE Sent For:

<END>



State of Wisconsin
2003 - 2004 LEGISLATURE

CRB-441811

LRB-435072

RAC/MES/JK:kmg:ch

Thurs AM

2003 BILL

1 **AN ACT** *to renumber and amend* 40.51 (6); *to amend* 40.03 (2) (ig); and *to*
2 *create* 20.921 (1) (a) 6., 40.03 (6) (k), 40.51 (6) (b) and subchapter XVI of chapter
3 71 [precedes 71.98] of the statutes; **relating to:** the offering of health savings
4 accounts under the state employee health care coverage program and adopting
5 federal law as it relates to health savings accounts for state income and
6 franchise tax purposes.

Analysis by the Legislative Reference Bureau

Currently, state employees receive health care coverage through plans offered by the Group Insurance Board. This bill requires the Group Insurance Board, beginning on January 1, 2005, to offer a health care coverage option to state employees that consists of a high-deductible health plan and the establishment of a health savings account authorized under federal law, specifically section 1201 of Public Law (P.L.) 108-173. Under P.L. 108-173, individuals may establish health savings accounts into which they and their employers can make federal tax-exempt contributions that can be used for the payment of certain qualified medical expenses. Annual contribution limits are established under P.L. 108-173 and are based on the individual's status, eligibility, and health plan coverage. As a condition of establishing a health savings account, an individual must be covered under a high-deductible health plan. The specific requirements of high-deductible health plans are provided in P.L. 108-173, but generally require the payment of a certain

BILL

minimum deductible and the expenditure of certain out-of-pocket expenses before an individual's medical services are covered under the plan. The bill also requires that the state make contributions into each employee's health savings account that are equal to the difference between the state's share of the annual premium cost of the high-deductible health plan and the state's share of the annual premium cost of the lowest tier plan that is available in the county in which the employee resides.

This bill adopts, for state income and franchise tax purposes, section 1201 of P.L. 108-173 as it relates to claiming a deduction for an amount that a person pays into a health savings account.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

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

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

1 **SECTION 1.** 20.921 (1) (a) 6. of the statutes is created to read:

2 20.921 (1) (a) 6. Payment into a health savings account established for that
3 officer or employee under s. 40.51 (6) (b).

4 **SECTION 2.** 40.03 (2) (ig) of the statutes is amended to read:

5 40.03 (2) (ig) Shall promulgate, with the approval of the group insurance board,
6 all rules required for the administration of the group health, long-term care, income
7 continuation or life insurance plans established under subchs. IV to VI and health
8 savings accounts under subch. IV.

9 **SECTION 3.** 40.03 (6) (k) of the statutes is created to read:

10 40.03 (6) (k) Shall establish health savings accounts under section 1201 of P.L.
11 108-173 for state employees who select a high-deductible health plan under s. 40.51
12 (6) (b) for their health care coverage plan.

13 **SECTION 4.** 40.51 (6) of the statutes, as affected by 2003 Wisconsin Act 33, is
14 renumbered 40.51 (6) (a) and amended to read:

BILL

1 40.51 (6) (a) This state shall offer to all of its employees at least 2 insured or
2 uninsured health care coverage plans providing substantially equivalent hospital
3 and medical benefits, including a health maintenance organization or a preferred
4 provider plan, if those health care plans are determined by the group insurance
5 board to be available in the area of the place of employment and are approved by the
6 group insurance board. The group insurance board shall place each of the plans
7 offered under this paragraph into one of 3 tiers established in accordance with
8 standards adopted by the group insurance board. The tiers shall be separated
9 according to the employee's share of premium costs.

10 **SECTION 5.** 40.51 (6) (b) of the statutes is created to read:

11 40.51 (6) (b) In addition to the health care coverage plans offered under par.
12 (a), beginning on January 1, 2005, the state shall also offer to all of its employees the
13 option of receiving health care coverage through a high-deductible health plan and
14 the establishment of a health savings account under section 1201 of P.L. 108-173.
15 Under this option, the state shall provide each employee with health care coverage
16 through a high-deductible health plan authorized under section 1201 of P.L.
17 108-173 and, annually, shall make contributions into each employee's health
18 savings account that are equal to the difference between the state's share of the
19 annual premium cost of the high-deductible health plan and the state's share of the
20 annual premium cost of the lowest tier plan that is available in the county in which
21 the employee resides.

22 **SECTION 6.** Subchapter XVI of chapter 71 [precedes 71.98] of the statutes is
23 created to read:

BILL

CHAPTER 71

SUBCHAPTER XVI

INTERNAL REVENUE CODE UPDATE

71.98 Internal Revenue Code update. The following federal laws, to the extent that they apply to the Internal Revenue Code, apply to this chapter:

(1) HEALTH SAVINGS ACCOUNTS. For taxable years beginning after December 31, 2003, section 1201 of P.L. 108-173, relating to health savings accounts.

(END)

Barman, Mike

From: Hogan, Rebecca
Sent: Wednesday, March 03, 2004 4:57 PM
To: LRB.Legal
Subject: Draft review: LRB 03-4418/1 Topic: Health savings accounts for state employees

It has been requested by <Hogan, Rebecca> that the following draft be jacketed for the SENATE:

Draft review: LRB 03-4418/1 Topic: Health savings accounts for state employees



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-4418/2
RAC/MSW:kmg:rs

2PM
Today
2003 BILL

RMK

1 AN ACT ^{Gen. Col.} to renumber and amend 40.51 (6); to amend 40.03 (2) (ig); and to
2 create 20.921 (1) (a) 6., 40.03 (6) (k), 40.51 (6) (b) and subchapter XVI of chapter
3 71 [precedes 71.98] of the statutes; relating to: the offering of health savings
4 accounts under the state employee health care coverage program and adopting
5 federal law as it relates to health savings accounts for state income and
6 franchise tax purposes.

Analysis by the Legislative Reference Bureau

Currently, state employees receive health care coverage through plans offered by the Group Insurance Board. This bill requires the Group Insurance Board, beginning on January 1, 2005, to offer a health care coverage option to state employees that consists of a high-deductible health plan and the establishment of a health savings account authorized under federal law, specifically section 1201 of Public Law (P.L.) 108-173. Under P.L. 108-173, individuals may establish health savings accounts into which they and their employers can make federal tax-exempt contributions that can be used for the payment of certain qualified medical expenses. Annual contribution limits are established under P.L. 108-173 and are based on the individual's status, eligibility, and health plan coverage. As a condition of establishing a health savings account, an individual must be covered under a high-deductible health plan. The specific requirements of high-deductible health plans are provided in P.L. 108-173, but generally require the payment of a certain

BILL

minimum deductible and the expenditure of certain out-of-pocket expenses before an individual's medical services are covered under the plan. The bill also requires that the state make contributions into each employee's health savings account that are equal to the difference between the state's share of the annual premium cost of the high-deductible health plan and the state's share of the annual premium cost of the lowest tier plan that is available in the county in which the employee resides

~~This bill adopts, for state income and franchise tax purposes, section 1201 of P.L. 108-173 as it relates to claiming a deduction for an amount that a person pays into a health savings account.~~

~~This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.~~

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

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

1 **SECTION 1.** 20.921 (1) (a) 6. of the statutes is created to read:

2 20.921 (1) (a) 6. Payment into a health savings account established for that
3 officer or employee under s. 40.51 (6) (b).

4 **SECTION 2.** 40.03 (2) (ig) of the statutes is amended to read:

5 40.03 (2) (ig) Shall promulgate, with the approval of the group insurance board,
6 all rules required for the administration of the group health, long-term care, income
7 continuation or life insurance plans established under subchs. IV to VI and health
8 savings accounts under subch. IV.

9 **SECTION 3.** 40.03 (6) (k) of the statutes is created to read:

10 40.03 (6) (k) Shall establish health savings accounts under section 1201 of P.L.
11 108-173 for state employees who select a high-deductible health plan under s. 40.51
12 (6) (b) for their health care coverage plan.

13 **SECTION 4.** 40.51 (6) of the statutes, as affected by 2003 Wisconsin Act 33, is
14 renumbered 40.51 (6) (a) and amended to read:

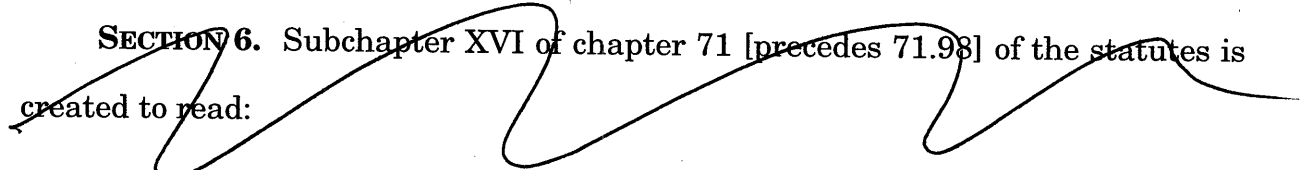
BILL

1 40.51 (6) (a) This state shall offer to all of its employees at least 2 insured or
2 uninsured health care coverage plans providing substantially equivalent hospital
3 and medical benefits, including a health maintenance organization or a preferred
4 provider plan, if those health care plans are determined by the group insurance
5 board to be available in the area of the place of employment and are approved by the
6 group insurance board. The group insurance board shall place each of the plans
7 offered under this paragraph into one of 3 tiers established in accordance with
8 standards adopted by the group insurance board. The tiers shall be separated
9 according to the employee's share of premium costs.

10 **SECTION 5.** 40.51 (6) (b) of the statutes is created to read:

11 40.51 (6) (b) In addition to the health care coverage plans offered under par.
12 (a), beginning on January 1, 2005, the state shall also offer to all of its employees the
13 option of receiving health care coverage through a high-deductible health plan and
14 the establishment of a health savings account under section 1201 of P.L. 108-173.
15 Under this option, the state shall provide each employee with health care coverage
16 through a high-deductible health plan authorized under section 1201 of P.L.
17 108-173 and, annually, shall make contributions into each employee's health
18 savings account that are equal to the difference between the state's share of the
19 annual premium cost of the high-deductible health plan and the state's share of the
20 annual premium cost of the lowest tier plan that is available in the county in which
21 the employee resides.

22 **SECTION 6.** Subchapter XVI of chapter 71 [precedes 71.98] of the statutes is
23 created to read:



BILL

1
2
3
4
5
6
7
8

CHAPTER 71

SUBCHAPTER XVI

INTERNAL REVENUE CODE UPDATE

71.98 Internal Revenue Code update. The following federal laws, to the extent that they apply to the Internal Revenue Code, apply to this chapter:

(1) HEALTH SAVINGS ACCOUNTS. For taxable years beginning after December 31, 2003, section 1201 of P.L. 108-173, relating to health savings accounts.

(END)

