



2005 ASSEMBLY BILL 515

June 28, 2005 - Introduced by Representatives McCORMICK, ALBERS, HAHN, JENSEN, KRAWCZYK, VRAKAS and VAN ROY, cosponsored by Senators DARLING and HARSDF. Referred to Joint Committee on Finance.

1 **AN ACT** *to amend* 111.70 (1) (a); and *to create* 111.70 (4) (n), 111.70 (4) (o) and
2 601.41 (12) of the statutes; **relating to:** collective bargaining over health care
3 coverage for municipal employees and allowing municipal employers to change
4 health care coverage plan providers.

Analysis by the Legislative Reference Bureau

Under the Municipal Employment Relations Act (MERA), all matters relating to wages, hours, and conditions of employment are subject to collective bargaining. This bill prohibits 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 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 if either the actual providers of the health care are the same or cost savings will result from changing the health care coverage plan provider. The bill requires, however, that 50 percent of the net savings that accrue to the employer as a result of changing the health care coverage plan provider must be used to increase the wages paid to the employees affected by the change and the

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pay wage-related costs incurred by the employer for those employees in the 12-month period following the effective date of the change.

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

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

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1 jurisdiction which it serves, its commercial benefit, and the health, safety and
2 welfare of the public to assure orderly operations and functions within its
3 jurisdiction, subject to those rights secured to municipal employees by the
4 constitutions of this state and of the United States and by this subchapter.

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

6 111.70 (4) (n) *Municipal employer-initiated change in health care coverage*
7 *plan provider.* 1. Notwithstanding the terms of a collective bargaining agreement,
8 a municipal employer may unilaterally change its employees' health care coverage
9 plan provider without the consent of any affected employee in the collective
10 bargaining unit if the benefits provided by the new health care coverage plan
11 provider are substantially similar to those provided by the former health care
12 coverage plan provider and if either the persons who provide health care coverage
13 under the new plan are the same as under the former plan or cost savings will result
14 from changing the health care coverage plan provider. Any such unilateral change
15 in health care coverage plan provider is not a violation of a collective bargaining
16 agreement or a prohibited practice under sub. (3) (a) and, for purposes of a qualified
17 economic offer, satisfies the requirement to maintain fringe benefits under sub. (1)
18 (nc).

19 2. A municipal employer shall use 50 percent of the net savings that accrue to
20 the municipal employer as a result of a change in health care coverage plan provider
21 under subd. 1. to increase the wages paid to the affected municipal employees and
22 to pay wage-related costs incurred by the municipal employer for those municipal
23 employees during the 12-month period following the effective date of the change.
24 The payment of any such increase in wages and wage-related costs by the municipal
25 employer is not a prohibited practice under sub. (3) (a).

