

2007 ASSEMBLY BILL 801

February 13, 2008 – Introduced by Representatives VAN ROY, NYGREN, MONTGOMERY, GUNDERSON, MURSAU, HAHN, MUSSER, A. OTT, KERKMAN, BOYLE and KAUFERT, cosponsored by Senators WIRCH, LEHMAN, LASSA and ROBSON. Referred to Committee on Labor and Industry.

1 **AN ACT** *to renumber* 40.08 (2); and *to create* 40.05 (4r), 40.08 (2) (b) and 40.80
2 (2t) of the statutes; **relating to:** payment of premiums for health or long-term
3 care insurance coverage from annuities under the Wisconsin Retirement
4 System and distributions from deferred compensation accounts.

Analysis by the Legislative Reference Bureau

Currently, under the Wisconsin Retirement System (WRS), annuitants may have insurance premiums for health care coverage paid directly from their WRS annuities. This program, however, only applies to health insurance plans offered under a program established by the Group Insurance Board (GIB). Similarly, state annuitants may currently have insurance premiums for long-term care coverage paid directly from their retirement annuities. Again, this option only applies to long-term care insurance plans offered under a program established by GIB. This bill permits all annuitants to have premiums for any health care coverage or long-term care coverage plan deducted from their annuities, even if the plan is not offered under the program established by GIB.

The Deferred Compensation Board (board), attached to the Department of Employee Trust Funds, currently selects and contracts with plan providers that are used by state agencies for providing deferred compensation plans to state employees. These plans are also made available to public employers other than the state for their employees. This bill provides that the board may require a deferred compensation plan, upon election by a participant, to allow for the deduction of insurance premiums for health or long-term care insurance coverage from an amount

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distributed from a participant's account and for the payment of the premiums directly to an insurer.

Because this bill relates to public employee retirement or pensions, it may be referred to the Joint Survey Committee on Retirement Systems for a report to be printed as an appendix to the 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.** 40.05 (4r) of the statutes is created to read:

2 **40.05 (4r)** PAYMENT OF CERTAIN INSURANCE PREMIUMS. If an annuitant receives
3 health care coverage or long-term care coverage under a plan other than one offered
4 under subch. IV, and if the annuitant so elects by providing written notice to the
5 department, the premium shall be paid as a deduction under s. 40.06 (1) (a) from the
6 annuitant's annuity. If an annuitant receives an annuity that is not sufficient to
7 cover premium payments, the annuitant shall make premium payments directly to
8 the insurer. The annuitant shall provide the department with all necessary
9 information to permit the department to make the payment in a timely manner.

10 **SECTION 2.** 40.08 (2) of the statutes is renumbered 40.08 (2) (a).

11 **SECTION 3.** 40.08 (2) (b) of the statutes is created to read:

12 **40.08 (2) (b)** If permitted under a deferred compensation plan established
13 under subch. VII, insurance premiums for health or long-term care insurance
14 coverage may be deducted from an amount distributed under a deferred
15 compensation plan and paid directly to an insurer.

16 **SECTION 4.** 40.80 (2t) of the statutes is created to read:

17 **40.80 (2t)** The deferred compensation board may require a deferred
18 compensation plan under this subchapter, upon election by a participant, to allow for

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1 the deduction of insurance premiums for health or long-term care insurance
2 coverage from an amount distributed from a participant's account and for the
3 payment of the premiums directly to an insurer.

4 (END)