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Details:

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WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2007-08

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on ... Insurance (AC-In)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**
- Record of Comm. Proceedings ... **RCP**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt**
- Clearinghouse Rules ... **CRule**
- Hearing Records ... bills and resolutions
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Prepared Statement

of

**Joseph E. Campana, Ph.D., CITRMS
The LegalEase Group
Madison, WI
608-241-3500**

before the

**State of Wisconsin
Assembly Committee on Insurance**

on

Assembly Bill 13

**Requiring Group Prepaid Legal Benefits
to be made Available to State Employees by Voluntary Payroll Deduction**

May 24th, 2007

Summary

Chairman Lasee and members of the committee, my name is Joseph Campana, and I am the sole proprietor of The LegalEase Group, an enterprise involved primarily in education and marketing of legal expense insurance.

Background of Speaker

For nearly 10 years our interests have been on educating insurance professionals on legal expense insurance, sometimes referred to as prepaid legal insurance. The LegalEase Group is an approved Wisconsin Insurance Continuing Education Provider. Several years ago, as a result of suggestions I made to the Chair of the Wisconsin Office of the Commissioner of Insurance (OCI) Property and Casualty Advisory Council, OCI initiated legislation that provides for a "Wisconsin Limited Lines Legal Expense Insurance License," which is also the NAIC recommendation for this type of insurance. Since then, I have been active in working with the OCI and Legal Expense Insurance Providers to improve the competency of license candidates through candidate pre-licensing educational materials; more rigorous and relevant testing standards; and through a variety of continuing education and other advanced training for licensed intermediaries including a new ethics continuing education course focused 100% on legal expense insurance. I have also been a leader in Wisconsin with respect to introducing group prepaid legal plans to businesses, not-for-profits, and municipalities. The first two items in the Appendix are relevant to my views and experience concerning prepaid legal plans and Wisconsin's public sector^{1,2}. (References in blue are included in the Appendix to this Statement).

During recent years, I have expanded my interests into the area of identity theft, privacy, and information security risk management. I earned the certified identity theft risk management specialist (CITRMS) designation from the Institute of Fraud Risk Management. I will comment on the connection between group legal benefits and helping employees address the growing threat of identity theft both at home and in the workplace^{3,4}.

¹ Campana, J. "Justice that most can afford." Guest Column, Wisconsin State J., Aug. 22, 2003.

² Campana, J. "Legal services plan would save tax dollars." Wisconsin State J., Nov. 19, 2001.

³ Campana, J. E., "Identity Theft: The Business Time Bomb," White Paper, J. Campana & Associates, Madison, WI. www.JCampana.com, September, 2006.

⁴ Campana, J.E. "Identity Theft: The Business Time Bomb," Guest Column, The Wisconsin Technology Network, Sept. 19, 2006, <http://wistechnology.com/article.php?id=3332>.

Introduction

Legal plans have been around since the beginning of the last century. Three pieces of federal legislation,¹ The Taft-Hartley Act of 1947, The Employee Retirement Income Security Act of 1974, and Section 120 (expired 1993) of the Federal Tax Code each explicitly refer to employee legal plans.

Since the mid 1970's, when group legal insurance was first commercialized, legal plans have become increasingly popular. Even the Wisconsin Supreme Court and the Wisconsin Bar Association facilitated legislation and promulgated rules in the mid-1970's to enable group legal plans in Wisconsin.

The last census conducted by the National Resource Center for Consumers of Legal Services⁵ in 2002 illustrates near exponential growth since 1976 with 122 million people estimated to be covered by at least one legal plan in 2002.

Employee Benefit News reported that the Society of Human Resource Management (SHRM) found that legal plans offering in benefit packages had grown 44% over the last five years ending 2002.⁶

What are reasons for their popularity among employees and employers^{7,8?}

Numerous independent studies conducted by the American Bar Association and other groups illustrate that a significant number of Americans (>50%) have legal issues at any given time⁹. Most of these legal issues are related to "Legal Life Events," some of which include housing, estate planning, credit issues, tax disputes, marriage, adoption, divorce, child support and custody, probate, insurance questions and disputes, traffic and other accidents, bankruptcy advice, disputes with local, mail order, and e-commerce retailers, and more currently issues surrounding identity theft and privacy.

Resolving identity theft related legal issues has become an important current use of legal plans on to itself. The amount of time and money spent by an employee victim of identity theft can involve hundreds of hours of their time and thousands of dollars of their money. If the victimization was a

⁵ Bolger, W., The National Resource Center for Consumers of Legal Services, 2002 Legal Services Plan Census, June 3, 2002, Washington, D.C.

⁶ Sweeney, K., "Bolstering the Case," Employee Benefit News, Vol. 17, No. 4, Apr. 1, 2004

⁷ Dement, S.; Mueller, S.; "Group Legal Plans A Hit With Employees," Employee Benefits Report, S-11, Oct. 14, 2002.

⁸ Garvey, C; "Access to the Law," HR Magazine, Sept. 2002, p 83.

⁹ Legal Needs and Civil Justice, A Survey of Americans, American Bar Association, Chicago, IL (1994).
<http://www.abanet.org/legalservices/downloads/sciaid/legalneedstudy.pdf>

result of a privacy or information security breach in the workplace, then the time and money spent by the victim can be a direct liability of the employer^{3,4}. Since AB-13 was drafted, some legal plans have included optional benefits related to detecting identity theft, mitigating risks of identity theft, and restoring a victim's identity.¹⁰ For this reason, I suggest to the sponsor and to the committee, that AB-13 be updated to reflect the additional inherent and optional coverages relating to identity theft risk mitigation services.

The use of prepaid legal plans can truly save both employees and employers time and money. Prepaid legal plans are purposely designed to be "preventive" in nature. The impact of preventive law on employees is that they will be able to make informed consumer, family, financial and legal decisions to help protect their interests, time, and money.

I should also mention, that normally all types of legal issues are covered under a group legal plan either "in-full," according to a schedule of hours, or at discounted rates. Having said that, matters relating to employment with the State could be optionally excluded from coverage, dependent on insurer.

In a landmark 1985 study, LSK Associates was able to quantify that employee absenteeism resulting from legal issues¹¹ (Summary is included in the Appendix). The study determined that employees spend on average 25 hours per year on the job addressing personal issues that had a legal component.

In 2000, a similar study by Market Strategies/Harris Interactive¹² (Executive Summary is included in the Appendix) reported that the average lost work time per employee due to legal issues burst by a factor of 260% to an average of 65 hours per employee per year. The report also reported that seven out of eight employees surveyed had a "Legal Life Event" during the previous 12 months.

Currently there is no "lost work time study" on the impact that identity theft victimization has on employee attendance, however, numerous reports indicate that the resolution of a victim's identity can take hundreds of hours and cost thousands of dollars. Therefore, it is reasonable to expect that employee victims of identity theft who spend time on-the-job resolving their identity theft issues would contribute significantly as an additional lost work time factor not included in the numbers above.

¹⁰ Legal Plans make a name for identity theft coverage: Employee Benefit Advisor, p 16, Sept. 2003.

¹¹ Kahn, L. S.: Lost Work Time, Categories, Costs, and Prevention, LSK Associates, San Francisco, CA (1985).

¹² Market Strategies, "Measuring the Effects of Employee Financial and Legal Woes," 2000.

In addition to absenteeism, there are several other lost work time and employment related factors related to employee legal issues that have an indirect toll on employers. The above and other studies refer to these factors, however, because of the complexities, no study has been able to quantify their impact. Nevertheless, employers and human resource professionals are aware of these factors in the workplace. Some of these other job factors include:

- Low Productivity
- Low Employee Morale
- Sick Time due to stress or use of sick time to handle legal uses
- Accidents/Worker's Compensation Claims
- Increased Health Care Costs due to Stress Related Illness

Employee morale, retention, and productivity decline when employees are faced with legal issues, according to surveys and human resource experts. Employees are more accident prone when confronted with emotional stress from legal-life issues. On-the-job accidents affect worker compensation costs. "Legal-related" illnesses drive up health care costs. Legal-life events result in increased health benefits usage due to stress-related illness.

Employers are also drawn to offering a group legal benefit for many reasons. For example, an employer offering such benefits is perceived as a "caring employer" as illustrated by a study performed by the William Mercer Group which showed that applicants would be more than 10% more likely to accept employment from an employer that offers a legal plan, than one who does not, all other factors remaining equal.

Many employers like group legal plans because they give their employees the ability to prepare a will and a health care directive, at no additional cost, in an easy manner that is legally defensible, compared to the risky "do-it-yourself" or "do-nothing" approach. Other employers like the protection that a legal plan can provide if employees fall victim to identity theft.

Human Resources Magazine⁸ indicates that the group legal plans are attractive to employers for other practical reasons such as:

- They offer significant assistance to the employee
- They are easy to administer
- They involve little or no cost to administer
- First year enrollments are relatively high (15 – 20%)

In contrast to Reference 8, my personal experience in Wisconsin is that voluntary employee enrollments are generally 50%+ when the enrollment process is coordinated with the employer to provide information and appropriate access to employees. High enrollments mean greater benefit to the employer and employees.

Relative to other benefits, a group legal plan is significantly less complex to implement. For example, some plans do not have underwriting requirements; they use simple paper and/or electronic (web) enrollment forms; some insurers provide a toll-free extended work day customer service and complaint resolution telephone number; simple month-to-month (not long term) contracts; and a single flat rate, which covers the employee and the employees immediate family. These “employer” benefits significantly simplify administration and many of the assumptions made in the ETF fiscal estimate.

Fiscal Estimate

Although the fiscal estimate (included as the last item in the Appendix) associated with the AB-13 is low, as expected, the approach and assumptions do not likely reflect actual implementation. Some of the assumptions, such as billing the provider for expenses at the end of the year, would foil/undermine the goal of the legislation, because no provider will agree to unknown, open-ended expenses at least not with this type of “inexpensive” and “thinly-margined” insurance.

There is an inherent emphasis on complexity and expense in the fiscal analysis, and while applicable to other types of benefits, they would not apply to a group legal plan.

Because of the limited legal expense providers in the United States, and even fewer registered group legal plans in Wisconsin, the selection process is simple. This week I contacted OCI and determined there are currently two registered group legal providers¹³.

The fiscal estimate should include a cost benefit to the State of Wisconsin.

¹³ Wisconsin Office of the Commission of Insurance, Rebecca Rebholz, May 2007.

Based on the two lost work time studies [References 11 and 12] due to employee legal issues; and the projected first year enrollment given in Fiscal Estimate and Human Resource Magazine [Reference 8], a cost benefit analysis for the State of Wisconsin can be performed.

Reference 10 (circa 2000), estimates average lost work time per employee to be 65 hours. For the purpose of the cost benefit analysis we can use 50 hours noting that legal issues related to identity theft and other indirect job related costs are not included in the analysis.

The State of Wisconsin Workforce Planning and Fact Book Fiscal Years 2005 – 2009¹⁴ reports approximately 40,000 Wisconsin State Employees. With more than \$4 Billion in compensation and benefits, the average hourly cost per employee is \$50¹⁴.

Based on the lost work time studies due to employee legal issues, Wisconsin absenteeism losses are estimated at a whopping \$100 million per year or \$2,500,000 per 1,000 employees enrolled¹⁴.

Assuming that there is a 5-20% enrollment according to the fiscal estimate and Human Resources Magazine [Reference 8], we can provide some expected cost savings for the first year.

<u>%</u>	<u>Employees</u>	<u>Benefit to State</u>
5	2,000	\$ 5,000,000
10	4,000	\$10,000,000
15	6,000	\$15,000,000
20	8,000	\$20,000,000

Based on the assumption that a legal plan will recoup 50 hours of lost work time on average

What if the estimated average absenteeism due to “life legal events” has been over estimated by a factor of 100? What if instead of 50 hours (used in the above estimates) Wisconsin State Employees save only 0.5 hours of lost work time through participation in a legal plan? The financial benefits to the State of Wisconsin out weight the estimate of expenses in the fiscal analysis.

¹⁴ The State of Wisconsin Workforce Planning and Fact Book Fiscal Years 2005 – 2009 reports employment of 40,000 and that total labor and benefits exceed \$4 billion, which equates to a total cost of \$100,000 per employee or \$50 per hour per

<u>%</u>	<u>Employees</u>	<u>Benefit to State</u>
5	2,000	\$ 50,000
10	4,000	\$100,000
15	6,000	\$150,000
20	8,000	\$200,000

Based on the assumption that a legal plan will recoup only 0.5 hours of lost work time on average

It becomes clear by using an “obviously irrational” lost work time savings value of ½ hour per enrolled employee, that the benefit to our State far out weights the implementation costs given in the fiscal estimate (\$30,000 in year one and \$12,000 annual continuing costs).

In addition, as stated previously there are a number of other soft benefits, which cannot be easily quantified and that will result in cost savings including: improved productivity, increased employee morale; decreased sick time due to stress; decreased accidents; and decreased health care costs related to stress related illness. The cost benefit analysis does not include that savings in work time to victims of identity theft, which is expected to be a high contributor of employee lost work time.

Direct costs of absenteeism resulting from legal-life issues are dwarfed by increases in other indirect expenses to compensate for unplanned employee absenteeism. Indirect expenses may include: Administrative time to deal with the absenteeism; overtime paid to employees to cover for those absent; employment fees for “temps;” costs of project/program delays; increased risks, compliance issues, etc.

The Fiscal Estimate should reflect the full cost/benefit analysis, which illustrates real costs and benefits to the State and taxpayers for the implementation of a group legal plan. In addition, some of the other estimated expenses included in the fiscal estimate assumptions would not be expected such as handling complaints and inquiries and maintenance of a web page because these tasks are part of the group legal provider’s responsibilities and not the ETF. Other items included in the current fiscal estimate are not relevant in practice or magnitude to this type of employee benefit program. Several of the references included in this written statement speak to the simplicity and low or no cost to implement this particular type of voluntary employee benefit.

employee. 40,000 employees x \$50/hr x 50 hours of lost work time = \$100 million. \$100 million/40 thousand employees =

Prepaid legal plans are easy to administer. All aspects of the benefit (except for payroll deduction administration) are handled by the legal services administrator and professional enrollers, and not by State Employees.

Pending Related Federal Legislation

Currently, the 110th Congress has HR 1840 (included in the Appendix) a non-partisan sponsored bill to reinstate Section 120 of the Internal Revenue Code – allowing employee contributions to group legal plans to be a pretax benefit.¹⁵ A similar bill S. 1130 is in the U.S. Senate¹⁶ (included in the Appendix). Should this legislation pass, as expected, it will be a tax benefit to both the employee and the employer. The cost savings in State of Wisconsin payroll taxes can be estimated to be in excess of \$10,000 per 1,000 employees enrolled depending on maximum allowable deduction under the legislation. The payroll tax savings alone could cover a significant portion of the implementation and continuing costs presented in ETF's Fiscal Estimate even with an enrollment as low as 5%.

Bar Association Support

The American Bar Association supports the above federal legislation and strongly supports the concept of Group Legal Plans. This can be seen in the report from the ABA Governmental Affairs Office, *Access to Legal Services: Group and Prepaid Services*¹⁷ (included in the Appendix).

The key points expressed by the ABA are:

- Group legal plans are important to maintaining confidence in our justice system and the rule of law;
- Group legal plans efficiently and inexpensively provide preventative legal services to low and middle income Americans;
- Group legal plans enhance productivity by allowing employees to focus on their jobs, and not their legal troubles.
- Group legal services help ease the burden on overtaxed governmental programs;

\$2,500,000 per 1000 employees.

¹⁵ H.R. 1840, March 29, 2007

¹⁶ S. 1130, April 17, 2007

¹⁷ Strandlie, J.M., Legislative Counsel; American Bar Association, Legislative and Governmental Advocacy, Governmental Affairs Office: *Access to Legal Services: Group and Prepaid Services*, Washington, DC (2007).

The last item speaks to additional “cost savings” to the State that relates to operational costs in the State’s Judicial Branch and in those departments that address consumer complaints such as the Department of Agriculture Trade and Consumer Protection and the Department of Financial Institutions, where consumer (including State employee) legal issues are often resolved by filing complaints with these departments.

The legal system is designed to accommodate citizens represented by counsel and not “*pro se*” representation. Representation by counsel allows the court to proceed quickly and smoothly compared to *pro se* representation, increasing the efficiency of the courts, and allowing the employee to get fairer treatment compared to not having legal representation. Over the years, members and candidates of the Wisconsin Supreme Court have commented on the necessity for all citizens to have access to attorney representation (vs. *pro se* representation) to improve the efficiency of the judicial process. Preventive law through a prepaid legal plan can curtail expensive litigation. With litigation increasing and with budgetary reductions in the judicial branch, the use of prepaid legal plans can bring some relief to our county and state courts.

A group legal plan can help employees avoid prospective legal issues through preventive law by getting consultation and having documents reviewed before signing them. When disputes do arise a skilled attorney can be called on to resolve the issue fairly for the employees without necessitating the employee to file complaints through state department or to seek resolve through the courts.

The history of the State Bar of Wisconsin includes group legal plans as an example of their national reputation for innovation.¹⁸ WisBar states, “In 1971, Wisconsin was an early state in establishing enabling legislation and rules so that lawyers could participate in group legal service plans.”

Economic Impact:

Increased enrollment in prepaid legal plans will have a positive impact on the State economy. Enrollments means putting more Wisconsinites to work: legal professionals, clerical staff, and professional enrollers --- and it means keeping more of Wisconsin State Workers on the job instead of trying to solve their legal and identity theft issues on their own.

¹⁸ A History of the Organized Bar in Wisconsin, Chapter 22, Our National Reputation for Innovation, Wisconsin Bar Association, Madison, WI, 2007.

Closing Statement

To learn how other states implemented a group legal benefit, four years ago I made a phone call to the State of Idaho with Sara Buschman who was the legislative aide to the then representative of the 5th Legislative Assembly District, who was supporting this bill in a previous legislative session. Ms. Buschman was aghast when an Idaho Administrator¹⁹, to whom we spoke with, told us that they did not have any legislation to offer a group legal plan. They created a payroll slot and very simply allowed employees to make their voluntary choice with no legislation and no additional costs, complexities, or burdens.

Mr. Chairman and members of the committee, lets continue Wisconsin's history of leadership and innovation by joining the other states such as Alabama, Arizona, California, Colorado, Florida, Idaho, Kentucky, Kansas, Louisiana, Mississippi, New Mexico, North Carolina, Ohio, Oklahoma, Texas, Washington, Virginia, West Virginia, and others who make group legal plans easily accessible to all of their public sector employees. In that regard I suggest that the proposed legislation includes a minor revision to make the group legal plan available not only to State Employees, but to all public sector employees who have access to their employee benefits through ETF.

¹⁹ Leslie Michels, Payroll and Benefits Office, State of Idaho, Tel: 208-334-2394 (2003).

Appendix

Selected Reference Materials

OPINION

— Wisconsin State Journal —

August 22, 2003

GUEST COLUMN

Justice that most can afford

By Joe Campana

The investigation of former Outagamie County District Attorney Vince Biskupic's practices — characterized as allowing certain people to buy their way out of criminal situations — elicited statements that such practices create two systems of justice: one for the wealthy and one for everyone else.

My words are not to condone or disparage Biskupic. I want to bring attention to our social responsibility, especially of employers and lawmakers who have the authority to ensure that most everyone in Wisconsin has affordable access to legal representation and counsel for any legal matter — criminal and civil.

Prepaid legal services, a concept that resembles health insurance, has gained acceptance in the United States and in recent years has been recognized as one of the most popular employee benefits.

Three socially responsible federal laws facilitated providing working-class Americans and retirees access to prepaid legal plans through their employers:

- ◆ The Taft-Hartley Act of 1947 included prepaid legal plans in collective bargaining.
- ◆ The Employee Retirement Income Security Act of 1974 includes prepaid legal plans as an employee welfare benefit plan.
- ◆ Section 120 of the Tax Code allowed pre-tax contributions to prepaid legal plans. Contact your U.S. Congress member to support bills (HR 2031 and HR 973) that will reinstate this tax benefit to the working class.

Today, tens of millions of American families have access to some type of legal assistance through employer-sponsored plans. But Wisconsin employers have not been progressive in providing their employees access to genuine prepaid legal plans.

Prepaid legal plans provide easy and affordable access to legal counsel so the participant can get assistance on any legal matter from estate planning to criminal issues to identity theft. Such plans focus on prevention. Convenient access to legal counsel now may avoid future complex, expensive, legal situations and litigation. Those who can afford the high cost of legal care often use legal counsel preventively — while those of us without the luxury of an exclusive attorney relationship most often use lawyers reactively to get ourselves out of legal situations that could have been avoided with legal advice.

The legal system is broken for those who do not have affordable access to legal counsel. By increasing the accessibility of prepaid legal plans through voluntary payroll deduction, employers can fulfill their social responsibility and derive other tangible and intangible benefits by doing so. These benefits include decreased workplace stress and accidents, decreased absenteeism, and increased employee productivity.

Prepaid legal service plans are a proven concept that helps level out the inequities of our legal and justice system.

Campana, Madison, is an independent legal services industry expert and activist.

"Marketing Osama feels like the ultimate insult to one who purports to abhor western capitalism."

BOSTON GLOBE, Other Views

A6 • Monday, November 19, 2001

OPINION

Wisconsin State Journal

TODAY'S MAIL: THE CAUCUS SCANDAL

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Legal services plan would save tax dollars

At an average national rate of \$185 per hour for five years of legal practice, the rates charged by lawyers representing state caucus employees are reasonable, considering the experience of the attorneys.

An example of what is wrong with the system is that Jane Doe, a public sector employee, personally paid \$300 to have an attorney write her letter in response to a personal legal situation. That attorney was referred to her through her union's so-called member "legal benefit" — one that obviously benefits the lawyers, not the union members.

The big news should be that citizens like Jane Doe may be paying several times the national rate for legal assistance — how long does it take to write a \$300 letter? While Jane Doe was grossly overcharged, taxpayers are overcharged, too, as a result of absenteeism and lost productivity when any public sector employee deals with personal legal issues during work time.

I've been advocating legal services plans for Wisconsin's public sector employees. Such plans provide employees access to a nationwide network of top-rated law firms including many in Wisconsin and the Madison Area.

Legal services plans provide affordable top-notch legal services for about \$15 a month. Independent surveys show legal services plans are currently one of the top four voluntary benefits offered to private sector employees.

However, Wisconsin's employers and unions, especially those in the public sector, have been remiss and lethargic in taking steps to make the legal benefit available to their workers.

The cost to taxpayers of denying Wisconsin public servants a commonly accepted voluntary benefit equates to as much as \$10 million a year, dwarfing the legal costs charged to the caucus employees.

— Joe Campana, Madison

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NEWS RELEASE June 3, 2002
More info: Bill Bolger, 804-693-9330
website: nrcls.org

122 MILLION AMERICANS HAVE A LEGAL SERVICES PLAN Prepaid Plans Show Fastest Growth, Group Plans Have The Numbers

Over forty percent of Americans are covered by some sort of legal services plan, according to the latest census by the National Resource Center for Consumers of Legal Services, a non-profit research group that has tracked legal services plans for twenty-five years. The Center calculates that 122 million people, seven million more than two years ago, are covered by at least one plan, and about thirty million of these have more than one. The Center's first census in 1976 found only one million people covered by legal plans.

The type of plans growing fastest in the last two years are prepaid legal plans purchased individually and often paid through payroll deduction. These plans grew about 20% in two years. They typically cost \$8-25/month for family coverage. Prepaid legal plans of all types cover about nineteen million people.

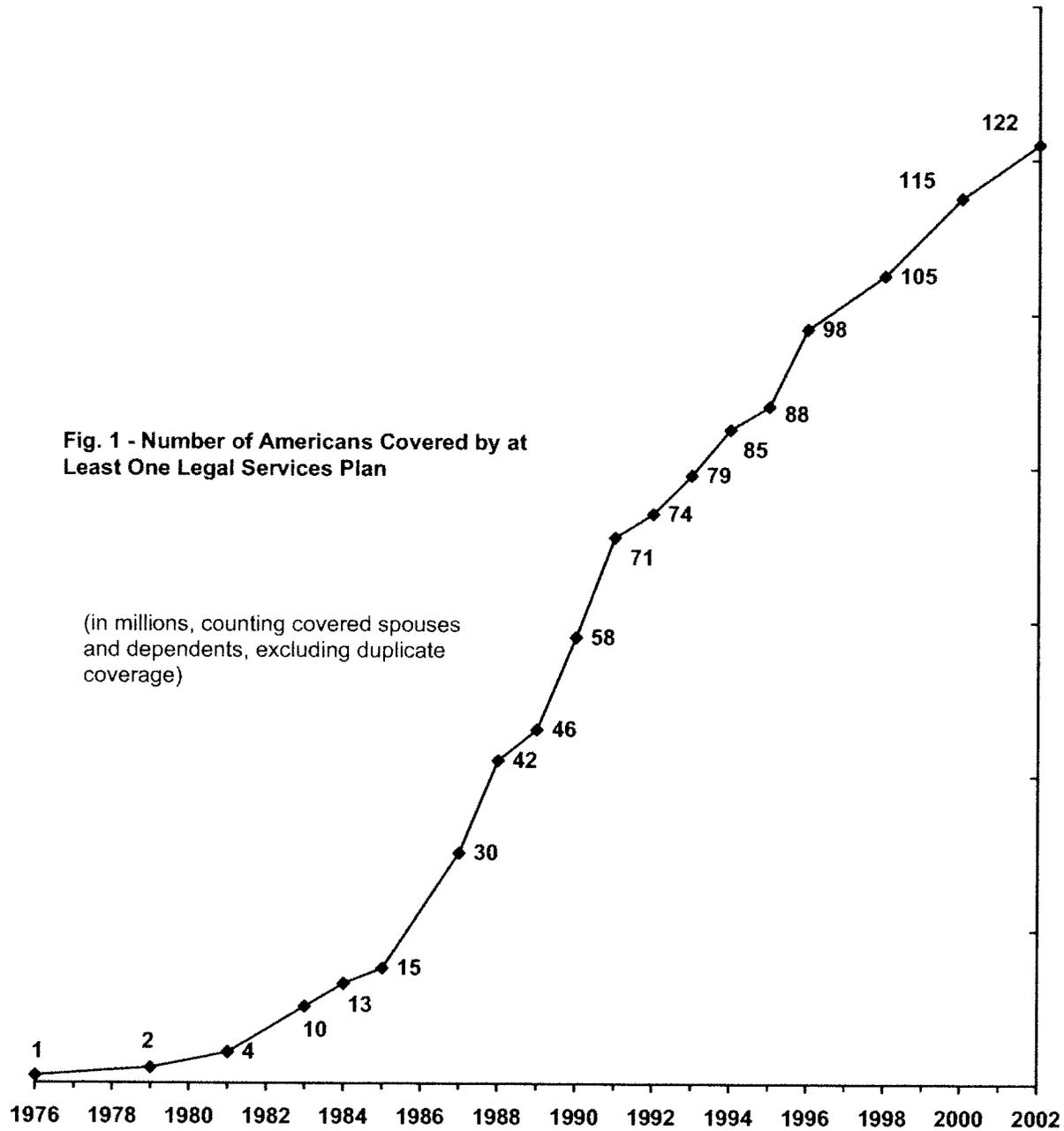
AARP's group legal plan accounts for much of the growth among the more limited free group plans. AARP added attorneys where an additional four million of its members live, and now covers seventeen million members. The AFL-CIO's group plan remains the largest of any kind, covering forty million people.

Two types of plan showed some shrinkage in numbers. Employer-paid plans lost 400,000, mostly through retirements and layoffs in the auto industry, but such plans still cover over seven million people, the same as the combined total for payroll deduction and individual enrollment plans. Elder hotlines that were discontinued or cut back in Florida, Pennsylvania and Tennessee caused a net loss in that category compared to two years ago, even though new hotlines began in Arizona, Indiana, Maryland and Wyoming.

Legal services plans are somewhat similar to health plans, but exhibit even more variety in their structure and coverage. Most emphasize preventive law. The most basic plans provide free initial consultation from pre-selected lawyers in regular private practice and discounts on legal fees if further services are needed. These plans are typically free to members of the sponsoring group. Prepaid legal plans usually include additional fully prepaid benefits. Some are paid for by employers as a fringe benefit, almost always as a result of collective bargaining. Others plans are offered as an optional payroll deduction benefit while still others are marketed outside the employment relationship.

"Legal services plans help balance the scales of justice by giving the average individual the same ready access to legal advice and information that big business and the wealthy have always enjoyed," said National Resource Center Executive Director William A. Bolger. "Timely advice helps people accomplish their objectives, avoid legal difficulties, and resolve problems without litigation." ###

THE NATIONAL RESOURCE CENTER'S 2002 LEGAL SERVICES PLAN CENSUS



This graph exaggerates the growth rate of plan coverage because we have included new categories of plans and changed definitions over the years as the field has grown and plans have become ever more diverse. Data points are shown for every year when a census was compiled.



Employee Benefit News

April 1, 2003

Vol. 17 • No. 4

www.benefitnews.com

Bolstering the case

As employees' concerns grow, so does the attractiveness of legal plans as a voluntary benefit.

By Kevin Sweeney

Last year, a study by the American Bar Association found that seven out of 10 U.S. families encountered a situation that might have led them to hire a lawyer. However, many reportedly were reluctant to seek out legal services due to questions over attorney effectiveness and cost concerns.

To alleviate such stress among workers and avoid potential setbacks in productivity, a growing number of employers are turning to legal plans. In fact, the Society for Human Resource Management (SHRM) reports that the number of companies offering some form of legal assistance through a benefits package has grown by 44% over the past five years.

A supplement to *National Underwriter's Property & Casualty and Life and Health* editions

Group Legal Plans A Hit With Employees

By **Sandy DeMent and Stephen Mueller**

With the economy down and medical inflation up, many companies find maintaining competitive employee medical benefits a challenge. Others, however, are substantially enriching their employee benefits packages—at no cost to their organization.

What do these employers know that others don't? They have learned that voluntary benefits, such as prepaid group legal expense programs, can add value to their existing employee benefits packages.

Employer demand for prepaid group legal expense plans, which give employees access to high quality, highly cost-efficient legal, financial and tax services, has soared in recent years.

Companies have become all too aware of the towering cost of lost workplace productivity. They have also seen how even a small legal matter—such as a real estate closing or a traffic infraction—can be a big distraction, spurring employees to spend hours searching the Web for legal answers or out of the office conferring with counsel. On-the-job performance can also be impeded by the stress generated by legal issues.

Prepaid legal expense programs make legal issues more manageable for the employee. In many cases, workers can access the right attorney with one call and resolve a problem on the spot. By handling legal issues this way, employees can stay focused on the workday and employers can keep productivity high.

Of course, the promise of improved productivity has even greater appeal when the price is right, which brings us to another reason these plans are so attractive to employers—they cost employers nothing.

Employees pay premiums

through payroll deductions. Program administration and maintenance is typically turnkey as well.

There are a growing number of companies that provide prepaid group legal expense insurance, and offerings can vary significantly—especially with regard to the program's usability, choice, attorney network, and insurance provider.

The top three reasons employees require legal services relate to will preparation and probate matters; home buying or selling; and divorce and divorce-related issues, such as child custody disputes.

Debt matters, tax questions and financial planning are also top of mind with individuals today. Plans that give employees a simple, direct route to managing these issues rate high for practical usability.

The legal concerns of employees and their families vary widely. Legal benefits plans must satisfy both those concerned with basic legal matters and those requiring more sophisticated services. "One size fits all" typically does not apply to legal plans.

For this reason, many employers offer employees the choice of multiple plan options, and the leading plan providers accommodate this need for flexibility.

Whatever the level of benefits provided, it is useful to have a counselor available to aid employees in selecting the appropriate advisor, negotiating fees, and to answer questions that arise during the process. Some plans include such counseling services free of charge.

The best plans also provide a choice of attorneys, so employees can be matched with firms with the necessary expertise. Legal services are only as good as the attorneys providing them, so employers should scrutinize the screening, monitoring and extensiveness of the network rendering legal services when selecting a benefits plan.

The attorney network should be well established and comprised of seasoned attorneys; 15-plus years are a good benchmark for attorney experience. Since most employers have employees in numerous locations, the size and the reach of the attorney network is also important.

Network firms should be monitored continually by the plan provider to ensure attorneys maintain the high standards that earned them a place in the network. Providers can keep on top of the service attorneys by soliciting regular feedback from employees using the services.

The cost savings to employees also vary substantially from plan to plan. The most advantageous options pay 100% of most legal services rendered through network attorneys.

An employee using a network attorney to handle adoption of a child, for example, would have thousands of dollars in legal fees covered under their plan's annual premium. Considering that a typical program premium is approximately \$18 a month, or \$216 annually, savings can be substantial.

With contingency matters, such as litigation arising from

an automobile accident, lawyers customarily collect as much as 33% of a client's damage awards. With prepaid group legal services, these fees are usually prenegotiated with network attorneys down to a much lower rate. The difference can be thousands of dollars in an employee's pocket.

To ensure that the benefits program remains viable and that rates remain relatively stable over the long term, the choice of insurer is critical. Selecting an insurer with high financial strength ratings and a proven commitment to underwriting specialty benefits programs is essential.

Given the clear advantages for both employers and employees, the question of whether an organization can benefit from a legal benefits plan may seem moot.

So why doesn't every employer have such a plan in place? For one thing, human resources and benefits managers barely have enough time to manage their current benefits programs, let alone implement new ones.

As brokers spread the word, however, HR and benefits managers are quickly realizing that group legal insurance benefits can add value to an organization, without piling on cost or administrative burdens.

Moreover, employees certainly appreciate the perk. The proof is in the enrollment figures. Signing up 20% to 25% of an employee group is not uncommon for a group legal expense program—and participation typically remains high, renewal after renewal. ■

Sandy DeMent is president of Advisory Communications Systems Inc. in Lanham, Md. Stephen Mueller is vice president, accident and health at Zurich North America in New York.

The cost savings to employees vary from plan to plan

Access

As an experienced legal secretary in a Washington, D.C., law firm, Leona Benn knows lawyers' services don't come cheap. So, when she anticipated the need for legal help, Benn subscribed to the prepaid legal service her firm offered, which came in handy when she filed for an uncontested divorce.

Her legal expenses through the employer-sponsored plan have been low, and the process was simple. "I don't know why anybody would not want to go this way," Benn says.

Benn's employer, Crowell and Moring, which has more than 500 lawyers, provides employee-paid optional coverage through LawPhone, a legal consultation service owned by Advisory Communications Systems Inc., of Lanham, Md. Benn pays her monthly premium—\$16—through after-tax payroll deduction. The plan gives her access to telephone consultations within a specified network of lawyers, along with help filing legal documents and other services.

Benn is part of a growing trend. A 2002 survey by the National Resource Center for Consumers of Legal Services (NRCCLS) found that the number of Americans covered by some type of legal services plan increased by nearly 20 percent since 2000. An estimated 3 million people are enrolled in plans sponsored by employers and funded through employee payroll deductions, according to the survey. The group, a Gloucester, Va.-based non-profit, is primarily funded by lawyers and plan sponsors. ➤

to the Law

Prepaid legal services can offer significant assistance to employees with few HR headaches.

By Charlotte Garvey

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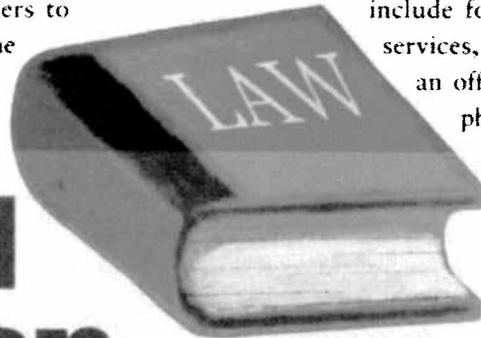
ON BENEFITS

Growth Industry

HR and legal industry experts attribute the recent growth to prepaid legal services being a low-cost benefit with little administration that can help recruiting and retention efforts. "It sort of builds on itself. One company gets it and they have a good

Sandra DeMent, CEO of the parent company that manages Law-Phone, says worries prompted by the events of Sept. 11 have spurred many more young workers to draw up wills, which is the No. 1 reason people use legal plans, according

tions with pre-selected lawyers within a network, along with discounted legal fees for more complex services. Some access plans also include follow-up services, such as an office visit, phone call



The optional **legal benefit plan** lets employers offer employees an additional benefit with limited administrative burden.

response, and that puts some pressure on the HR people in [competing companies] to have a [similar] package," says William Bolger, NRCCLS executive director. "And it doesn't cost employers very much."

The optional legal benefit plan lets employers offer employees an additional benefit with limited administrative burden, according to Bolger. This can be an attractive option in an economic environment in which many employers are cutting back on benefits.

Carol Guinan, benefits director at AmeriGas Propane in Valley Forge, Pa., says her company began offering a legal plan about seven years ago. "We were making a lot of major benefit cut-backs, so we thought we'd throw in another option for employees," she says. Guinan estimates that 8 percent of AmeriGas's workforce, many of whom are truck drivers who transport propane, participate in the plan.

to company research. That's followed by consumer/financial concerns, such as pursuing a consumer complaint. Family law issues, such as divorces, and real estate issues, such as closing on a new home or refinancing a mortgage, are also highly used legal plan benefits.

"Whatever it may be, most people don't know how to find an attorney outside of going through the Yellow Pages," says Greg Miller, business development director with Signature LegalCare, a plan administrator in Louisville, Ky., that is a subsidiary of GE Financial Assurance in Richmond, Va. Prepaid legal plans can give employees a greater ease of access to legal advice and services.

Employee Use and Cost

Basic or access plans give enrolled employees access to legal services through unlimited phone consulta-

or letter, along with basic document preparation or review.

More comprehensive, and expensive, plans offer additional services, such as representation in a divorce, in real estate transactions or in civil or administrative trials, but the benefits—and prices—vary. There is no one-size-fits-all plan.

TDK RF Solutions, a radio-frequency engineering and software company in Cedar Park, Texas, and a subsidiary of electronics conglomerate TDK Corp., offers a plan that is fairly comprehensive in its coverage. The plan is provided by Hyatt Legal Plans, a MetLife subsidiary headquartered in Cleveland.

Laura Burk Riojas, a product designer, first used the plan for help on will preparation. "I was very apprehensive at first, but I figured for a will it would be worth it" for peace of mind, says Burk Riojas, a single parent who decided to enroll after

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ON BENEFITS

pricing will preparation outside of the benefit plan.

Since then, Burk Riojas has been “pleasantly surprised” to find other legal matters have been covered under the plan. She used a network lawyer to help her file a quit-claim deed, surrendering claim to property she had owned jointly with her ex-husband. The matter had been pending since her 1998 divorce, but Burk Riojas did not deal with it until she realized the matter could be addressed under the legal plan. She was required only to pay the filing fees.

In addition to using the legal benefits plan for her divorce, Benn used the telephone consultation benefit when she found herself in a situation that could have landed her in court. Benn’s rottweiler had worked his way out of his pen and bitten a neighbor’s horse. When the angry horse owner came to her door to complain, “it got kind of heated,” and Benn anticipated getting hit with a lawsuit. She called Law-Phone to get some advice on how to respond. Although a suit was never filed, Benn says she felt better-prepared and less anxious.

Legal plans do have coverage restrictions that can limit their appeal to employees.

For example, AmeriGas’s Guinan, who used her plan to have a will prepared, later tried to use it for legal review of a contract. She learned that the number of pages in her document exceeded the plan’s page limit. Guinan since has dropped the plan because she does not expect to have legal needs.

Legal benefit plans are flexible enough to let Guinan back in if a

need arises. It is typical for employees to jump in and out of legal plans based on anticipated coverage needs. This tends to be the norm at the University of North Florida in Jacksonville, which has implemented a legal services plan through Signature LegalCare, says Debbie

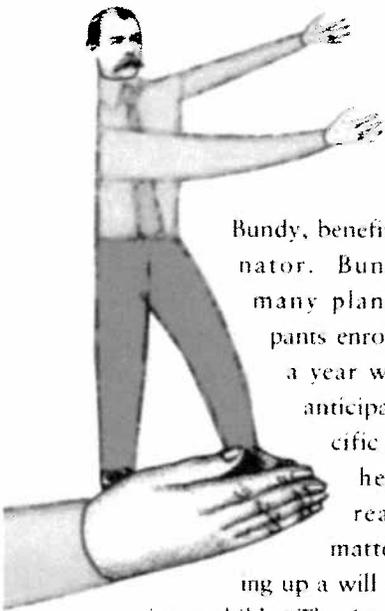
afford it," says Signature LegalCare's Miller.

While payroll deduction programs vary in price and can cost as much as \$25 per month, experts agree that plans priced in the mid-teens are attractive to most employees. The University of North Florida's plan

afford it," says Signature LegalCare's Miller. Because legal plans, in essence, are an insurance product, HR managers should determine whether the plan complies with state-specific insurance requirements.

HR managers also need to be aware that these plans typically are

Lots of bells and whistles can make for an expensive plan, and, **the more costly the plan, the less likely employees are to enroll.**



Bundy, benefits coordinator. Bundy says many plan participants enroll for just a year when they anticipate a specific need for help in a real estate matter, drawing up a will or adopting a child. "They're trying to get the most for their buck," she says.

Indeed, cost is a major factor for employees determining whether to sign up for a legal benefits plan. Lots of bells and whistles can make for an expensive plan, and, the more costly the plan, the less likely employees are to enroll. "People only have so much discretionary income when it comes to paying for voluntary benefits, so you need to have the price in a range so they can

costs \$12.25 a month for single coverage and \$15.85 for family coverage.

"The issue has always been the cost" at AmeriGas, says Guinan. Many of the company's 6,000 employees are truck drivers and are unlikely to opt for a plan that costs \$17 to \$20 a month. Guinan says the company's basic plan seems to be a good fit at \$7 per month.

HR's Role

Employees typically prepay for the coverage through payroll deductions and use the service as needed, which means limited demands on HR staff.

The biggest job for HR comes on the front end—evaluating provider proposals and helping design an appropriate plan for its workforce. Factors to consider include premium pricing, attorney experience, exclusions, claims processing time, and the process for assessing user satis-

considered a welfare benefit covered under the Employee Retirement Income Security Act (ERISA). "As long as the plan is established by the employer, it's subject to ERISA," advises Alec Schwartz, executive director of the Chicago-based American Prepaid Legal Services Institute, a trade association set up by the American Bar Association.

From HR's perspective, legal plans generally are comparable to other welfare benefits plans, such as health benefit plans. So in assessing proposals to offer a legal plan benefit, HR managers should ask vendors the same questions they would a health-care benefits vendor, Schwartz says. If the plan raises ERISA implications for the employer, "the vendor should know that," he adds.

In comparing potential vendors, HR managers should "make sure there are lawyers in the plan who

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ON BENEFITS

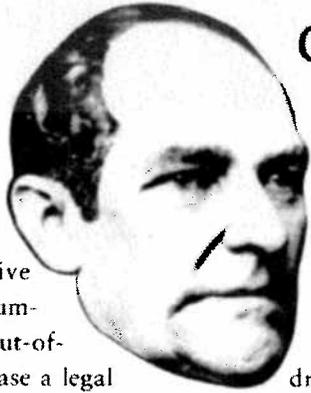
are close to where the employees both live and work," notes Schwartz. If an employer is located in a major metropolitan area, such as New York, employees may live in contiguous states, such as New Jersey or Connecticut, and legal concerns may arise in any of those states, Schwartz notes. HR also

Although some plans offer criminal coverage, this option "is not needed so much by employees as it is by their kids," Bolger notes. "And a high percentage of the use is automobile-related." Some employers may hesitate to offer a plan that includes criminal coverage or coverage for employees charged with driving-

LegalCare and LawPhone, offer similar immigration coverage.

"Working with the benefits people, you get a flavor for what's going to work best for their population," says Signature's Miller. In addition, the size of the employer and number of enrollees can affect plan design. "The larger the group, the more you can do

A typical **first-year enrollment** figure is 15 percent to 20 percent of the workforce.



should determine whether the vendor could provide a responsive customer service number and effective out-of-state assistance in case a legal matter arises while the employee is traveling.

When companies are considering a legal plan benefit, one of the key concerns is whether the plan can help an employee take legal action against an employer. But virtually all plans exclude this type of action, as well as class-action lawsuits.

TDK RF Solutions' plan excludes coverage for custody battles, which could deter some employees from enrolling, says HR manager Jeanette Cacciola, SPHR. Some plans cover uncontested divorces but exclude contested divorces, which can get expensive.

while-intoxicated, believing that doing so condones such behavior. But Bolger disagrees. "Just because you provide a lawyer for somebody who is accused of drunk driving doesn't mean you're encouraging drunk driving, but some people feel that way."

In designing a plan, both the provider and the HR manager must assess the needs of the employee population. For example, ARAG Group in Des Moines, Iowa, offers an immigration-law coverage option, which can provide employees with assistance in pursuing green cards, says ARAG Vice President Louis Greenberg. ARAG plans to modify this option, using a case-management approach to provide employees with explanations, education, administrative information and referral, at no additional cost. Other plans, including Signature

in terms of design and price," he adds. Employers should note that current federal tax law requires plan premiums to be paid with after-tax dollars.

Some legal plans are offered as a piece of a broader work/life resource and referral package, or as part of an employee assistance plan. For example, Work/Life Benefits in Valencia, Calif., provides employers with a bundle of resource and referral benefits, including basic legal consultation, as well as advice on child care, elder care and "everything in between," says Sandy Egan, manager of work/life services. Some Work/Life clients piggyback the legal benefit with a financial-services advice benefit, which can complement each other. As people assess their financial situations to draw up a will, they often realize they could use some overall financial planning advice as well, Egan notes. ■

FOCUS

ON BENEFITS

The administrative burden of implementing a prepaid legal benefits plan is relatively light. Once a provider is chosen and the plan is designed, "it's very easy to administer," Cacciola says. Most plans provide the necessary paperwork, and many will help educate employees about the benefit through meetings or benefits fairs. For example, Hyatt pro-

vided "a simple, one-page signup form for employees that covers both their commitment to the program for a full year, as well as our payroll deduction authorization," Cacciola says.

Employees typically must make a one-year commitment to the program, and most companies allow workers to enroll after 30 days of employment. Many of the big

providers offer automated or web-based enrollment options. A typical first-year enrollment figure is 15 percent to 20 percent of the workforce. Some plans set a mandatory minimum participation level.

Once the paperwork is addressed, HR's primary role is to monitor the enrollment and eligibility process, as well as manage the payroll deductions. Some HR departments also publicize the program periodically in company publications and may opt to do employee satisfaction surveys to determine whether the benefit is popular enough to continue. In terms of claims processing, the network's lawyers and the plan vendor generally handle most or all aspects.

If there is dissatisfaction, employees have the plan sponsor to help them deal with the problem. "If the person is unhappy with the lawyer they've got, the plan will usually give them another," says NRCCLS's Bolger. "They have every incentive to keep the member happy."

A reasonably priced legal services plan from a reliable, responsive vendor that meets employees' needs is a useful, hassle-free benefit.

"Once a plan is put in, it very seldom is taken out," says Bolger. "Utilization is fairly high, and the level of satisfaction is quite high too." Employees tend to get a positive feeling from the interaction, because they have taken a step to protect themselves and, in some cases, take care of something they had been putting off, he says. **IR**

Charlotte Garvey is a freelance writer, based in the Washington, D.C., area, who reports on business and environmental issues.

Legal plans make a name for identity theft coverage

By KAREN LEE

Legal plans have responded to the national epidemic of identity theft, and they are trying to create market awareness of their employee benefit protections.

Within the past year, Pre-Paid Legal Service Inc., LawPhone and ARAG Group have launched special identity theft benefits that either are folded in with the standard legal plans or are available at extra cost. All offer legal assistance and provide various kits with instructions on such fundamentals as how to report fraudulent incidents to credit bureaus and notify credit card companies. Pre-Paid Legal members also receive up to \$25,000 in credit restoration reimbursement expenses.

"Legal plans are finding that a phone call [to a credit bureau] isn't sufficient — somebody needs to do something to repair your credit," says Rhonda Sher, group marketing specialist with Pre-Paid Legal. "It is a hugely emotional issue because your money is gone... How can an employee be productive? His life is turned upside down."

While Hyatt Legal Plans has not introduced separate identity theft benefits, executives are aware of the need for assistance. They point out that the

program's debt collection assistance also covers cases of identity theft, although they realize that their members may not know it.

"We were made aware that consumers are increasingly concerned about identity theft," says Hyatt Group Sales Director Marcia Messett, explaining that the company is emphasizing the benefits in its marketing material.

"Probably the whole legal plans



marketplace is aware of it. All of the brokers and consultants we work with told us their clients were asking for it."

Virulent epidemic

With more and more business conducted via telephone response systems and the Internet, it is no surprise that sensitive personal information has become shockingly easy for enterprising con artists to obtain.

The federal government last year regulated a similar problem with rules restricting the availability of private health information. But identity theft, arguably is a far more virulent epidemic.

According to a General Accounting Office report released last year, the Federal Trade Commission's Identity Theft Data Clearinghouse received more than 94,000 complaints between its inception in November 1999 and September 2001, and as of that December were averaging about 3,000 calls per week. Researchers pointed out that the Social Security Administration heard from 64,000 victims, and the three major consumer reporting agencies placed more than 200,000 fraud alerts on consumer credit files during 2000.

Clearly, identity theft affects a vast number of people. And some say the government statistics do not even come close to the real truth. Research firm Gartner Inc. estimates that some 7 million people were identity theft victims over the last year alone. A Harris Interactive poll found that 13 million Americans reported being touched by identity theft since 2001. Even superstar golfer Tiger Woods found himself liable for \$17,000 in unpaid bills after his identity was stolen. The average victim could spend years and thousands of dollars on efforts to restore her credit.

Peace of mind

No wonder legal plans are making identity theft a priority. Pre-Paid Legal, which established its service at the end of July, is the only program offering monetary benefits for identity theft, albeit for an extra \$9.95 fee. All are providing

credit monitoring services and legal backup in case fraudulent expenses tar a participant's credit.

LawPhone plans to initiate identity theft services on Oct. 1 that include credit alerts, assistance with filing a police report, a kit with forms, credit bureau contacts and "action plans" that tell victims where to turn, and legal consultation.

Jack Guerin, LawPhone's vice president of marketing, explains that the company's alliance with a sister firm that has experience with identity theft assistance "gave us a helpful resource in developing the product."

"We've gotten a positive reaction from our clients," Guerin continues. "We tried to pick a component of the service that was consistent with a telephonic product and would allow us to coordinate it with our legal services. In about half of the cases, people need to speak to a lawyer. It's a logical tie-in with a legal services plan."

ARAG Group, meanwhile, promises to identify "personal security areas" that might be at risk, explain liability, provide information to report the theft to credit agencies, send documentation to the plan member and follow up on the situation's resolution.

So far, it is difficult to say just how much response the programs have gotten, especially in the cases of LawPhone and Pre-Paid Legal, which are very new. But plan executives indicate the services may be worth the peace of mind.

"I think this will be the best thing Pre-Paid has ever done," Sher declares. "There is nothing more invasive than having your identity stolen." — K.L.



L E X T O N E
L E G A L S E R V I C E S

Summary and Excerpts from

LEGAL PROBLEMS & LOST WORK TIME: CATEGORIES, COSTS AND PREVENTION

by
L.S. Kahn, PhD., LSK Associates
San Francisco, California

Background

The LOST WORK TIME study was commissioned by a subsidiary of the McKesson Company to quantify the cost to employers of employees' legal problems in relation to other categories of lost work time. The study found that 48% of the nearly 1,300 survey respondents had taken time off from work in the previous year for a law-related problem.

The survey sample consists of 100 randomly selected maintenance and food service employees of a public hospital, who were interviewed in person, and a mail survey of 3,974 employees of a Fortune 500 service company. Responses were tabulated for 1,284 participants. The hospital population represents blue collar service employees, and the corporate population reflects a sampling of management, professional, sales and clerical employees.

Employee Experience with Legal Problems

Respondents were surveyed about the happening of events which typically require legal advice. Table 1 excerpts the findings, showing the surprisingly large proportion of employees who experience a problem or had a question where an attorney's assistance might have been required.

TABLE I. EVENTS EXPERIENCED IN PRIOR YEAR
(n=1184 participants, mail survey only)

EVENT	PERCENT
Credit Rating Questioned	20.4%
Purchased Home or Real Estate	14.2%
Involved in a Traffic Accident	12.9%
Considered Suing Someone	7.1%
Advice about Chil/Parent's Rights	5.8%
Divorced or Separated	5.4%
Settled an Estate	4.0%
Concerned about Driver's Licence	3.6%
Advice about Bankruptcy	2.4%
Adopted a Child	5.0%

L E G A L S E R V I C E S
L E X T O N E

Legal and Legal-Related Reasons for Lost Work Time

Employees also took time off for a variety of reasons that were not primarily legal in nature, but which did have some legal aspects. Respondents were asked to describe in detail three "troublesome problems" which they had experienced in the prior year. The responses were independently analyzed to determine if the problems had legal implications. The question posed was: "Is this a situation where legal counsel would be helpful and appropriate?" If the answer was "yes", that item was considered to be a legal-related problem. Four categories of troublesome problems—consumer matters, death in the family, family problems and financial problems—were found to involve subsidiary legal problems. Table II shows the results of this evaluation.

TABLE II. LEGAL-RELATED PROBLEMS RESULTING IN LOST WORK TIME

Problem type	Percent of employees with problem	Percent of problems involving legal issues	Adj percent employees with legal problems
Legal	9.3%	100%	9.3%
Consumer	17.3%	88.6%	15.3%
Death in Family	16.3%	89.2%	14.5%
Family	24.5%	19.4%	4.7%
Financial	8.8%	50.7%	4.4%
TOTAL			48.2%

In summary, almost half of the employees, or 48.2%, took time off for legal and legal-related reasons. The data did not include an evaluation of the hours spent in resolving the legal aspects of these problems.

The study points out that the analysis of LOST WORK TIME provides only a preliminary level of cost estimates. "Impairment of productivity and team relationships, higher compensation and insurance costs, damage and accidents, must all be considered for a total cost. An employee making \$8.00 worrying 15 minutes a day at work about any of these problem categories can cost an employer another \$480 a year".

Executive Summary

Market Strategies, LegalWise North America, and Harris Interactive worked jointly to create a questionnaire that addressed the objectives of the first significant study since 1986 on the subject of group legal plans. From the Harris Poll Online Panel of over 6 million respondents, 638 qualified respondents -- full time employees between the ages of 25 and 55—completed the Internet survey between August 12th and August 17th, 2000, providing a 95% Confidence Level in the results.

Last year, 7 out of 8 of all employees experienced at least one Legal Life Event. Legal Life Events were segmented into four areas: Family Events, Financial Events, Events relating to Personal Property, and Legal Disputes. Almost half of all employees experienced three legal life events during the past 12 months; two-thirds had two or more events.

The study then evaluated the relative value of having an attorney, removing cost as a factor. Over 1/4 of all employees sought the advice of an attorney last year, even if only on a simple matter; most of these contacts were of brief duration. Not surprisingly, employees most valued having an attorney involved when faced with a lawsuit, DUI, Estate Planning, credit issues, tax disputes, divorce, and child support, while perceiving little value for such issues as child birth or getting married.

To resolve their Legal Life Events, employees spent an average of 7 days away from work per year, plus 9 hours on the job, equating to \$1,625 of annual cost to the employer per employee (based on the mean sample \$50,000 salary). Taking into consideration the value of an attorney and the Frequency of Legal Life Events, combined with the relative productivity loss, the top 10 legal life events of working adults become clear: child support issues, death of a family member, divorce, credit/bankruptcy, tax disputes, lawsuits, traffic tickets, vendor disputes, and estate planning (in that order, and ignoring job loss).

Some specific revelations included:

- **Only 4% of all Employees had a will completed or updated in the past year;**
- One fourth of all Employees had a credit problem, up to and including filing for bankruptcy;
- Employees rated credit issues as having the 4th highest value of having an attorney involved, after only: being involved in a lawsuit, wills/estate planning, and DUI; yet only 15% spoke with an Attorney;
- By far, the most time off is taken for family-related Legal Life Events
 - Divorce .7.3 days off plus almost 10 hours of lost time (Rated 7th highest in terms of legal assistance value);
 - Death of Family Member -8.3 days off plus over 12 hours of lost time (11th highest in terms of legal assistance value);
 - Child Support -26 days off plus almost 27 hours of lost time (4th highest in terms of legal assistance value tied with tax disputes and credit issues)

Unfortunately, most group legal plans do not provide comprehensive coverage for many of these top ten legal life events. Only one of the five major group legal plans provides coverage for the top event: child support. Only two major plans provide coverage for the next three highest: death of family member, contested divorce, and credit / bankruptcy issues. More provide tax and traffic assistance, while all of them provide at least some assistance with legal disputes and wills (although only one major plan provides legal assistance for more complex estate planning devices).

AT&T is one of the few major employers (if not the only one) which has had experience with three of the five major group legal providers. With this experience, they have determined the following criteria to be most important in choosing a provider: Comprehensive plan benefits, including coverage for family law, bankruptcy, complete estate planning and probate issues, flexibility from the Provider, including choice of plan, minimal employee complaints, and the ability to provide effective implementation. In order to have a positive impact on lost productivity, it is important to choose a group legal plan wisely.

HR 1840 IH

110th CONGRESS

1st Session

H. R. 1840

To restore and make permanent the exclusion from gross income for amounts received under qualified group legal services plans and to increase the maximum amount of the exclusion.

IN THE HOUSE OF REPRESENTATIVES

March 29, 2007

Mr. STARK (for himself, Mr. CAMP of Michigan, Mr. RANGEL, Mr. LEVIN, Mr. NEAL of Massachusetts, Mr. MCNULTY, Mr. DOGGETT, Mr. RYAN of Wisconsin, Mr. CLAY, Mr. GORDON of Tennessee, Mr. CONYERS, Ms. JACKSON-LEE of Texas, Mr. KILDEE, and Mr. ROGERS of Michigan) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To restore and make permanent the exclusion from gross income for amounts received under qualified group legal services plans and to increase the maximum amount of the exclusion.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXCLUSION FOR AMOUNTS RECEIVED UNDER QUALIFIED GROUP LEGAL SERVICES PLANS RESTORED AND MADE PERMANENT.

(a) Increase of Exclusion- Subsection (a) of section 120 of the Internal Revenue Code of 1986 (relating to exclusion by employee for contributions and legal services provided by employer) is amended by striking the last sentence.

(b) Restoration and Permanence of Exclusion- Section 120 of such Code (relating to amounts received under qualified group legal services plans) is amended by striking subsection (e) and by redesignating subsection (f) as subsection (e).

(c) Effective Date- The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

END

Item 4 of 9

PREVIOUS | NEXT

PREVIOUS:ALL | NEXT:ALL

NEW SEARCH | HOME | HELP

H.R.1840

Title: To restore and make permanent the exclusion from gross income for amounts received under qualified group legal services plans and to increase the maximum amount of the exclusion.

Sponsor: [Rep Stark, Fortney Pete \[CA-13\]](#) (introduced 3/29/2007) [Cosponsors \(22\)](#)

Related Bills: [S.1130](#)

Latest Major Action: 3/29/2007 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

Jump to: [Summary](#), [Major Actions](#), [All Actions](#), [Titles](#), [Cosponsors](#), [Committees](#), [Related Bill Details](#), [Amendments](#)

SUMMARY AS OF:

3/29/2007--Introduced.

Amends the Internal Revenue Code to restore, make permanent, and eliminate the dollar limitation for the tax exclusion for amounts received under a qualified group legal services plan.

MAJOR ACTIONS:

NONE

ALL ACTIONS:

3/29/2007:

Referred to the House Committee on Ways and Means.

3/30/2007:

Sponsor introductory remarks on measure. (CR E721)

TITLE(S): *(italics indicate a title for a portion of a bill)*

NONE

COSPONSORS(22), ALPHABETICAL [followed by Cosponsors withdrawn]: (Sort: by date)

Rep Becerra, Xavier [CA-31] - 5/3/2007

Rep Camp, Dave [MI-4] - 3/29/2007

Rep Clay, Wm. Lacy [MO-1] - 3/29/2007

Rep Cole, Tom [OK-4] - 4/19/2007

Rep Conyers, John, Jr. [MI-14] - 3/29/2007

Rep Doggett, Lloyd [TX-25] - 3/29/2007

Rep Emanuel, Rahm [IL-5] - 5/14/2007 Rep Gordon, Bart [TN-6] - 3/29/2007
Rep Jackson-Lee, Sheila [TX-18] - 3/29/2007 Rep Kildee, Dale E. [MI-5] - 3/29/2007
Rep Levin, Sander M. [MI-12] - 3/29/2007 Rep Lewis, John [GA-5] - 4/19/2007
Rep Lofgren, Zoe [CA-16] - 4/19/2007 Rep McCarthy, Carolyn [NY-4] - 4/19/2007
Rep McHugh, John M. [NY-23] - 5/14/2007 Rep McNulty, Michael R. [NY-21] - 3/29/2007
Rep Neal, Richard E. [MA-2] - 3/29/2007 Rep Paul, Ron [TX-14] - 5/14/2007
Rep Ramstad, Jim [MN-3] - 5/14/2007 Rep Rangel, Charles B. [NY-15] - 3/29/2007
Rep Rogers, Mike J. [MI-8] - 3/29/2007 Rep Ryan, Paul [WI-1] - 3/29/2007

COMMITTEE(S):

Committee/Subcommittee: Activity:

House Ways and Means Referral, In Committee

RELATED BILL DETAILS: (additional related bills may be indentified in Status)

Bill:

S.1130

Relationship:

Related bill identified by CRS

AMENDMENT(S):

NONE

NEW SEARCH | HOME | HELP

S.1130

Title: A bill to amend the Internal Revenue Code of 1986 to restore, increase, and make permanent the exclusion from gross income for amounts received under qualified group legal services plans.

Sponsor: Sen Smith, Gordon H. [OR] (introduced 4/17/2007) Cosponsors (7)

Related Bills: H.R.1840

Latest Major Action: 4/17/2007 Referred to Senate committee. Status: Read twice and referred to the Committee on Finance.

Jump to: [Summary](#), [Major Actions](#), [All Actions](#), [Titles](#), [Cosponsors](#), [Committees](#), [Related Bill Details](#), [Amendments](#)

SUMMARY AS OF:

4/17/2007--Introduced.

Legal Services Benefit Act of 2007 - Amends the Internal Revenue Code to restore, increase, and make permanent the exclusion from gross income for amounts received under qualified group legal services plans.

MAJOR ACTIONS:

NONE

ALL ACTIONS:

4/17/2007:

Read twice and referred to the Committee on Finance.

TITLE(S): *(italics indicate a title for a portion of a bill)*

NONE

COSPONSORS(7), ALPHABETICAL [followed by Cosponsors withdrawn]: (Sort: by date)

Sen Kerry, John F. [MA] - 4/17/2007 Sen Levin, Carl [MI] - 4/17/2007
Sen Lincoln, Blanche L. [AR] - 4/17/2007 Sen Rockefeller, John D., IV [WV] - 4/17/2007
Sen Schumer, Charles E. [NY] - 4/17/2007 Sen Snowe, Olympia J. [ME] - 4/17/2007
Sen Stabenow, Debbie [MI] - 4/17/2007

COMMITTEE(S):

LEGISLATIVE AND GOVERNMENTAL ADVOCACY GOVERNMENTAL AFFAIRS OFFICE



Access to Legal Services: Group and Prepaid Services

Overview

The ABA has long supported prepaid legal services plans as a way to increase access to the justice system for low- and middle-income Americans. These plans allow individuals and families to address legal issues before they become significant problems, reducing demands on already overburdened court systems and instilling confidence in our justice system. From 1976 until 1992, these types of legal plans enjoyed pre-tax status under Section 120 of the Internal Revenue code. The pre-tax status was extended on seven separate occasions between 1981 and 1991. The plans' tax-favored status expired in 1992, not because of any opposition, but because of the need for revenue offsets in the 1992 deficit reduction act.

Status

Representative Pete Stark (D-CA), along with Representative Dave Camp (R-MI) on March 29, 2007 introduced (PDF) H.R. 1840, legislation to reinstate the tax exclusion for group legal services benefits. Twelve additional original cosponsors included Ways and Means Committee Chairman Charles Rangel (D-NY) and Judiciary Committee Chairman John Conyers (D-MI). H.R. 1840 was referred to the House Ways and Means Committee for consideration.

Legislation to restore the tax exclusion of group legal services benefits has received positive consideration, short of enactment, in the previous 108th and 109th Congresses. During the 108th Congress, the group legal services bill, H.R. 973, was included in H.R. 1776, the Pension Preservation and Savings Expansion Act of 2003, introduced by then-Representatives Rob Portman (R-OH) and Ben Cardin (D-MD). The Ways and Means Committee marked up H.R. 1776, but the group legal services provision was eliminated along with many others. (Rob Portman today is Director of the Office of Management and Budget(OMB); Ben Cardin is now the junior Senator from Maryland.)

Also during the 108th Congress, Senators Gordon Smith (R-OR) and Blanche Lincoln (D-AR) in introduced S. 1556, the Group Legal Services Benefit Act of 2003. With the bipartisan support of seven committee members, then-Senate Finance Committee Chairman Charles Grassley (R-IA) included S. 1556 in his pension reform bill, S. 2424, the National Employee Savings and Trust Equity Guarantee Act (NESTEG.) The Finance Committee reported S.2424, including the group legal services provision, to the Senate. The Senate did not act on S. 2424 before adjourning.

In the 109th Congress, the legislation was reintroduced in both the House (H.R. 897) and the Senate (S. 1160) by Representatives Camp and Rangel and by Senators Smith and Lincoln, respectively. The House provision was also included in H.R.1961, then-Representative Cardin's pension reform package.

Key Points

- Group legal plans are important to maintaining confidence in our justice system and the rule of law.
- Group legal plans efficiently and inexpensively provide preventative legal services to low and middle income Americans.
- Group legal services help ease the burden on overtaxed government programs.
- Group legal plans enhance productivity by allowing employees to focus on their jobs, not their legal troubles.

ABA Policy

The ABA supports the reinstatement of the tax-preferred status of Section 120 group legal services benefits as an effective way to provide access to the justice system for lower and middle-income workers.

Additional Resources & Links

- [ABA Standing Committee on Group and Prepaid Legal Services](#)
- [American Prepaid Legal Services Institute](#)
- [H.R. 1840](#)

Contact

Julie M. Strandlie
Legislative Counsel/Director, Grassroots Operations
Governmental Affairs Office
American Bar Association
740 15th Street, NW
Washington, DC 20005
Direct: (202) 662-1764
FAX: (202) 662-1762
jstrandlie@staff.abanet.org

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A History of the Organized Bar in Wisconsin

Chapter Twenty-Two Our National Reputation for Innovation

In-no-vate vb 1: to introduce as or if
2: to effect a change; to make changes

With a few notable exceptions, it is literally true that there is nothing new under the bar association sun. Ideas and devices and programs undertaken as "new" by bar associations almost always have been tried elsewhere and succeeded or failed as the case may be. Yet Wisconsin, more than most bar associations, has a long record of innovation and experimentation that pioneered in key areas. This reflects with luster on our record of constantly seeking new and better ways of serving the public and the needs of our members.

Some innovations come about slowly. Others spring forth overnight. An example of the former is the proposal made in June 1936, suggested as an Experienced Lawyer Service, to help younger members needing counsel by referring them to a member of a volunteer panel of experienced lawyers. This did not come about until 1983, when the Lawyer-to-Lawyer program was launched by the State Bar, established to fulfill almost exactly the original idea.

Two entirely new bar programs were conceived and successfully launched by the Wisconsin Bar, both of which brought national recognition. The first was the pioneering of group liability or malpractice insurance, and the second, the creation of the Judicare program.

In the early 1950s few lawyers carried policies providing malpractice or errors and omissions coverage. Claims were few and loss ratios negligible. Most such insurance was purchased through the mail from a Philadelphia agency or from agents of a St. Paul insurer. The Bar executive perceived a growing demand for such coverage, and explored with Employers Mutuals the possibilities of its writing a group policy of professional liability insurance for Bar members, at a lesser rate than that otherwise available. The deal was almost finalized when the company's general counsel died, and his successor was hostile to any such plan. The Bar then turned to a Chicago-based company, CNA, which undertook the idea and issued policies to Wisconsin Bar members at an advantageous group rate. This was the first such group in the country, but within several years CNA and others were writing group plans for bar associations nationwide. An unfortunate sharp escalation of claims commencing in the early 1960s led to steep increases in rates, and many insurers withdrew from the field. High costs and the difficulty of obtaining coverage led the State Bar to further experiment in 1981, following several years of changing carriers, by establishing an entirely new plan for providing coverage, under a Lloyds of London program, which held great promise. However, the bad experience record placed this plan, too, in jeopardy. Faced with loss of coverage, or prohibitive rates, the State Bar in 1986 took steps to form its own insurance company.

The second significant innovation was the conception and launching of the Judicare program in 1966. Prior to that time legal assistance to the poor was rendered by four local legal aid societies and by pro bono work of lawyers in the rest of the state, usually through a local bar legal aid committee. The service was at best insufficient and under funded.

In 1955, President Lyndon Johnson launched the War on Poverty program, funded with federal money. A part of this program was the serving of the civil legal needs of the poor. In August of 1965 a national conference of bar leaders was called in Washington to discuss the means of rendering legal assistance. The bar officials were told to provide such service, with federal assistance, or the government would step in to provide it. Those present were challenged to be innovative and to move quickly.

Immediately upon returning home from the conference, the State Bar formulated a project that was completely new and original, for which the executive director coined the name Judicare. On Sept. 17, 1965, the Board of Governors considered this plan which formulated a comprehensive program of legal assistance in Wisconsin and directed that a project application be made to the Office of Equal Opportunity for funding. The Board said:

"If the underprivileged of this state are to be adequately served, and promptly, it is suggested that a drastic, novel and new approach be used."

The plan envisioned setting up statewide, except for Milwaukee County, which was to be served by CAP neighborhood law offices, a system providing free legal service to underprivileged persons on a basis whereby they would have a choice of their lawyer. This would carefully preserve the traditional lawyer-client relationship and allow prompt service with practically no overhead. Eligible persons were to be given an entitlement card, which could be presented to a lawyer when service was needed. The lawyer would provide the service and bill the Judicare office for payment at 80 percent of normal fees.

The project application was submitted promptly. It contemplated service throughout the state, excepting Milwaukee, with an administrator and office in Madison. Immediately, OEO trimmed the project to cover only 26 counties in northern Wisconsin, and reduced the grant amount. Following extensive negotiations, on May 31, 1966, the Judicare program was funded by OEO with a grant of \$241,000.

The office was opened, a staff hired and Judicare became operational almost overnight, with resounding ease and success. By December the executive director reported to the board that Judicare was operating without any difficulty, and that OEO had authorized extension of services to the inmates of state penal institutions for civil matters only.

To adequately tell the tale of Judicare's success and of the obstacles and harassments thrown at it by the federal office, would require writing a book. Suffice it to say, the federal authorities in OEO were biased against Judicare, they much preferring the staffed law office pattern suitable only for large cities. The simplicity and effectiveness of Judicare drew national attention and dozens of bar associations submitted applications for similar programs. Meanwhile, OEO adamantly refused to extend Judicare to serve additional counties or to increase available funds. As a result, services had to be curtailed. Nevertheless, the program struggled on. Eventually OEO forced the office to move to Wausau. At this point, the Board of Governors "spun off" Judicare to a newly organized nonprofit corporation, with its own board of 15 members, eight of whom were nonlawyers.

Judicare continued. The original director left, being unwilling to move to Wausau. The new corporation took over. Federal funding was still grossly inadequate. New counties were added, and extensive services were rendered to the Indian groups in the area. In 1974, OEO turned over administration of legal services to a new corporation authorized by Congress, the Legal Services Corporation, which has funded and monitored the program to date. At the same time, the remainder of the state was placed under three additional LSC-funded offices. This situation remains to date. However, the whole program of legal services again fell under attack in 1986 due to the Gramm-Rudman budget-cutting proposals, and Judicare funds were further curtailed.

Thus we have come full-circle, with the problem of providing civil legal assistance to the poor again resting largely on the bar's doorstep. Meanwhile, the former legal aid groups had been disbanded. The Bar could look only to a new system, perhaps funded by the IOLTA money soon to become available.

Thus, two decades of a highly successful program that brought national attention and acclaim to the Wisconsin Bar, barely survives.

Another first for Wisconsin was the merger in 1980 of the State Bar's Lawyer Referral program and the Bar Foundation's Lawyer's Hotline, into a new Lawyer Referral and Information Service. LRIS, as the program is known, was an immediate success, based on the volume of calls received. As the service grew, the State Bar devised a new custom-designed computer program to handle LRIS records, this being the first in the nation. It allows the staff to match up a caller with an attorney in the caller's area who has registered for the category of law involved.

Wisconsin was the first state bar to establish a formal liaison committee of lawyers in the Washington, D.C. area who are licensed in Wisconsin. The committee acts as a clearing house for information and directions for our state lawyers who have business in Washington. The committee (now a division) has operated successfully for more than 20 years, and has been increasingly active.

So as not to be tedious, the following brief summaries of new or ideas adapted to Wisconsin are listed, but not in order of importance or time:

- A placement service was inaugurated in 1936 for all newly admitted lawyers, serviced by the secretary. This was expanded greatly in the early 1960s to emphasize placement of lawyers in practice.
- Wisconsin took an early lead in fee arbitration panels in the early 1960s. This has developed into an important service to both the public and the members.
- Wisconsin was among the earliest bars to promote improvement of the economic position of its lawyers. By pushing improved record keeping and practice methods, plus a desk-book fee schedule, the income of the lawyers increased substantially.
- A very useful practice tool, the Revised Real Estate Standards, was issued in 1951, updating the original 1946 standards.
- In the early 1950s, the Bar pushed hard for inclusion of its members under Social Security, and for adoption of the Keogh retirement plan.
- Wisconsin pioneered in law programs for high school students, both through lectures and mock trials.
- The association pioneered Fair Trial-Free Press rapport with the state media, eventually issuing guidelines.
- During the 1970s state legislatures and bar associations throughout the country were frantically debating and legislating the so-called no-fault automobile insurance plans. This idea was never adopted in Wisconsin, but as early as 1931 the Wisconsin State Bar Association was earnestly debating the questions of compulsory automobile insurance and a plan to give injured persons compensation without fault under a fixed schedule of benefits administered by a commission. The annual meeting in June 1932 laid over the recommendations of its special committee on Automobile Accidents, which had rejected both ideas. Meanwhile, in 1931 the legislature, without State Bar Association urging or support, passed the new comparative negligence law. Thus Wisconsin was at the forefront in debating and enacting the earliest of such ideas.
- In 1971, the Bar established an Information Center, as an adjunct to the grievance program, to provide a vehicle for the citizens of Wisconsin, the news media, and other interested groups to obtain information on the law, lawyers, judges, and the legal system. The center did not operate as a referral system nor did it answer specific legal questions.
- In 1971, Wisconsin was an early state in establishing enabling legislation and rules so that lawyers could participate in group legal service plans. By 1973, 38 group legal service plans had registered.
- In 1974, the Bar adopted minimum abstracting standards and recommended that all local bar associations adopt them.
- In a genuine "first," in 1974 the Board of Governors scheduled a joint meeting with the governing board of the Law Society of Upper Canada, to be held in Toronto. An untimely airline strike forced postponement until 1975, but the joint session proved to be extremely worthwhile.
- In April 1978, the board proposed to the supreme court that all practicing lawyers must carry professional liability insurance. The court stayed action, appointed a study committee to report in 1979, and eventually rejected the idea.
- In April 1978 the new State Bar Lawyer Referral plan made 77 referrals. From March to October, the total was 749 referrals.
- In 1979, the State Bar again commenced work on a client's security fund, perhaps spurred on by the fact that the supreme court also had a committee working on the idea. The plan was soon perfected and put into effect by the court.
- In April 1982, the board created a committee for Assistance to Lawyers, to provide, identify, or coordinate assistance to lawyers who for any reason are incapacitated or otherwise unable to conduct their law practices properly.
- In 1983 the State Bar launched a new program, the *Lawyer-to-Lawyer Directory*, to encourage and facilitate appropriate lawyer-to-lawyer consultations, referrals, and associations.
- In 1981-82-83, there was extensive use of the "Bar Caravan" idea, under which a team of Bar officers and staff made numerous visits at local bar meetings. The idea was productive, and truly sampled the grass-roots needs and voices.
- The idea of utilizing interest on lawyer's trust accounts for legal assistance or other pro bono projects surfaced in 1976, with preliminary discussions with the Wisconsin Bankers Association. Other states were rapidly adopting IOLTA plans, and a proposal was submitted to the board in April 1983. That plan was referred back for further study, but in 1985 was submitted to the supreme court, which adopted it effective Jan. 1, 1987.

The above examples are only a partial listing of the many facets of activity in a very forward-looking and innovative bar association. They demonstrate clearly why Wisconsin has a national reputation for leading, rather than following, in programs of exceptional value to the public and to the members.

Harking back to the statement, "There is nothing new under the bar association sun," Wisconsin Bar members are assured that the end is not in sight, and that a constant procession of new, innovative, and useful programs will continue apace.

Fiscal Estimate Narratives

ETF 1/29/2007

LRB Number	07-0671/1	Introduction Number	AB-0013	Estimate Type	Original
Description Requiring the group insurance board to offer prepaid legal services insurance benefits to state employees and requiring the exercise of rule-making authority					

Assumptions Used In Arriving at Fiscal Estimate

AB-13 would require the Department of Employee Trust Funds to offer a prepaid legal services insurance plan to state employee participants in the Wisconsin Retirement System. The assumptions used for this estimate are as follows:

- Employees who elect coverage will pay the entire premium via payroll deduction as per s. 20.921 of the state statutes
- Agencies will remit premiums directly to the insurer and maintain membership records
- Administrative costs incurred by the Department will be billed to the insurer annually
- The policy offered will be in compliance with all rules and regulations administered by the Office of the Insurance Commissioner
- Enrollment is estimated to be between 5% and 15% of the eligible employees

Implementation costs would include costs associated with reviewing proposals from vendors, executing a contract and marketing agreement, promulgating administrative rules, and creating a web page. A 0.5 SEG FTE position would be required during the implementation year to complete these tasks.

On-going costs would include the costs associated with contract monitoring, communications, handling complaints and inquiries, maintenance of the web page, and the preparation of Board reports. A 0.2 SEG FTE position would be required for these on-going tasks.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-0671/1		Introduction Number AB-0013	
Description			
Requiring the group insurance board to offer prepaid legal services insurance benefits to state employees and requiring the exercise of rule-making authority			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$30,600 including the costs associated with 0.5 FTE			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$12,100	\$
(FTE Position Changes)		(0.2 FTE)	
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$12,100	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S		12,100	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$12,100	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
ETF/ Jon Kranz (608) 267-0908		Dave Stella (608) 266-3641	1/26/2007