

2019 DRAFTING REQUEST

Bill

For: **Administration-Budget 266-3382** Drafter: **mmcgreev**
 By: **Sherwin** Secondary Drafters:
 Date: **11/12/2018** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email:
 Carbon copy (CC) to: **doasbostatlanguage@wisconsin.gov**
rick.champagne@legis.wisconsin.gov

Pre Topic:

DOA:.....Sherwin, BB0085 -

Topic:

Board oversight of group disability benefit insurance plans offered to state employees

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mmcgreev 11/13/2018	eweiss 11/15/2018			
/P1	mmcgreev 1/3/2019		lparisi 11/15/2018		State S&L
/P2	mmcgreev 2/18/2019	anienaja 1/7/2019	mbarman 1/7/2019		State S&L
/P3	mmcgreev 2/21/2019	anienaja 2/21/2019	jmurphy 2/18/2019		State S&L
/P4	mmcgreev	aernstr	mbarman		State

<u>Vers.</u>	<u>Drafted</u> 2/25/2019	<u>Reviewed</u> 2/25/2019	<u>Submitted</u> 2/21/2019	<u>Jacketed</u>	<u>Required</u> S&L
/P5			mbarman 2/25/2019		State S&L

FE Sent For:

<END>

McGreevy, Mary Alice

From: Hanaman, Cathlene
Sent: Monday, November 12, 2018 9:12 AM
To: McGreevy, Mary Alice
Subject: FW: Statutory Language Drafting Request - 2019-21
Attachments: LTDI Changes Stat Language Draft.pdf

From: Sherwin, Derek - DOA
Sent: Friday, November 09, 2018 9:27 AM
To: Hanaman, Cathlene <Cathlene.Hanaman@legis.wisconsin.gov>
Cc: Kraus, Jennifer - DOA <Jennifer.Kraus@wisconsin.gov>; Sherwin, Derek - DOA <Derek.Sherwin@wisconsin.gov>
Subject: Statutory Language Drafting Request - 2019-21

Biennial Budget: 2019-21

Topic: Group Disability Plan Benefit Changes

Tracking Code: BB0085

SBO Team: GGCF

SBO Analyst: Derek Sherwin
Phone: 608-266-3382
E-mail: derek.sherwin@wisconsin.gov

Agency Acronym: 515

Agency Number: 515

Priority: High

Intent:

I have attached an LRB draft provided by ETF pertaining to requested changes in the state employee disability programs.

Attachments: True

Please send completed drafts to SBOSatlanguage@spmail.enterprise.wistate.us



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-0185/P3
MIM:emw

0760/PA

DOA: Sherwin, BB0085 - group disability benefit insurance plans offered to state employees

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

FOR 2019-21 BUDGET

IN 11/13/18
Due 11/15/18

Don't Gen.

1 **AN ACT** to repeal 40.05 (5) (a), 40.05 (5) (b) and 40.62 (1m) and (2); to renumber
2 **and amend** 40.05 (5) (intro.) and 40.62 (1); to amend 13.121 (4), 20.515 (1)
3 (um), 40.02 (22) (b) 6., 40.03 (1) (i), 40.03 (1) (p), 40.03 (2) (i), 40.03 (2) (ig), 40.03
4 (6) (intro.), 40.03 (6) (a) 1., 40.03 (6) (d) (intro.), 40.03 (6) (i), 40.04 (2) (a), 40.23
5 (1) (bm), 40.61 (2), 40.61 (3), 40.62 (1), 40.63 (8) (f), 40.63 (8) (h) (intro.), 1. and
6 2., 40.63 (9) (c) (intro.), 40.63 (9) (c) 1., 40.63 (9) (c) 2. and 757.02 (5); and to
7 **create** 40.03 (1) (q), 40.63 (8) (h) 4., 40.63 (8) (hm), 40.63 (9) (c) 4. and 40.64 of
8 the statutes; **relating to:** various changes to the group disability benefit
9 insurance plans offered to state employees.

the budget.

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT
(SOLID)
BOLD
STATE EMPLOYMENT
(CS)

This bill makes various changes to the group disability benefit insurance plans offered to state employees.

Oversight of group disability benefit insurance plans

Under current law, certain boards within the Department of Employee Trust Funds oversee the disability benefit plans for state employees. Currently, the Group Insurance Board (GIB) oversees the group income continuation insurance (ICI) plan and the group long-term disability insurance (LTDD) plan. The bill provides that the Employee Trust Funds Board (ETF) will oversee those plans.

ETF

This transfers oversight of those plans to

Date of termination for disability annuity applicant

Under current law, if an applicant for a disability annuity is paid a lump sum for accumulated and unused vacation, compensatory time, or sick leave, the last day the person is considered paid as an employee for the purposes of the disability annuity application is the day the accumulated leave balance would have been exhausted, had the applicant used the leave time. An applicant for a standard WRS annuity who receives a similar lump sum payment does not have his or her termination date extended for the purposes of the annuity application. The bill amends the treatment of a disability annuity applicant to be the same as a standard WRS annuity for determining the last day an applicant was paid as an employee.

Providing election for named survivor or beneficiary

Under current law, a named survivor or beneficiary of an applicant for a disability annuity is limited to the disability death benefit unless the application is denied by DETF. The bill allows a named survivor or beneficiary to waive rights to the disability death benefit and elect to receive a participating employee death benefit. The waiver is irrevocable.

Limitation on earned income under disability annuity

of an applicant for a disability annuity

Under current law, if an individual is receiving a regular disability annuity under the Wisconsin Retirement System (WRS) and that individual earns income for personal services in an amount that exceeds the annual earnings limit, the individual's payments are suspended when the annual earnings limit is reached, and the payments generally resume on the following January 1. The bill provides that if the income the individual earns for personal services exceeds the annual earnings limit in two calendar years within a five-year period, that individual's disability annuity benefit payments will be terminated.

a
If an individual who is receiving a regular disability annuity earns income that

Coverage and benefits under the group ICI plan

Under current law, the GIB is required to offer employees group ICI coverage that pays for lost earnings as a result of injury or illness, with separate provisions for short-term insurance with a benefit duration of no more than one year and long-term insurance covering injury or illness of indefinite duration.

No As described above, the bill transfers oversight of the group ICI plan to the ETFB. The bill also provides that, as of January 1, 2021, the ETFB must provide a group ICI plan, but the ETFB is not required to provide separate provisions for short-term and long-term insurance or to provide a particular benefit duration.

Under current law, an employee is eligible for benefits under the group ICI plan only after exhausting accumulated sick leave not to exceed 130 days. The bill eliminates that requirement.

Employer and employee share of ICI premium payments

The bill changes how the employer and employee shares of premium payments for ICI coverage are determined. Under current law, the employer pays part of an employee's ICI premium, and the employee pays the remainder. The employer's share is a certain percentage of the total premium cost that increases as an employee accumulates unused sick leave. For employees other than faculty and staff of the University of Wisconsin System, the employer pays the following percentage:

1. Sixty-seven percent of the premium for an employee who accumulates at least ten days of sick leave each year.
2. Seventy-seven percent of the premium for an employee who has accumulated at least 65 days of sick leave.
3. Eighty-five percent of the premium for an employee who has accumulated at least 91 days of sick leave.
4. One hundred percent of the premium for an employee who has accumulated more than 130 days of sick leave.

For UW System faculty and staff, the employer pays nothing until the employee has one year of state creditable service. Then, the employer pays 100 percent of the premium, subject to a 130-day waiting period.

Under the bill, beginning January 1, 2021, for all employees, including UW System faculty and staff, the employer pays the premium for the longest waiting period available to the employee under the insurance contract. If an employee elects a shorter waiting period, the employee pays the difference in premium amounts between the longest waiting period and the waiting period selected by the employee.

When employees may elect ICI coverage

Under current law, an employee may elect ICI coverage within 30 days of the date on which the employee first becomes eligible for coverage or within 60 days of becoming eligible for a higher level of employer contribution toward premium costs as described above. An employee who fails to elect coverage at one of those times may be able to elect coverage later if certain conditions are met; for example, the employee provides evidence of insurability.

Note As described above, ^{and} the bill eliminates the different levels of employer contributions toward premium costs. Therefore, the bill also eliminates the ability for employees to elect coverage based on becoming eligible for a higher level of employer contribution. The bill does not change the provisions that allow an employee to elect coverage by meeting certain conditions, such as providing evidence of insurability, that are not based on a change in the employer's level of premium contribution. *current law*

Group LTDI plan

Under current law, the ETFB may determine that the GIB must establish a group insurance plan to provide certain disability annuity or death benefits. Under this authority, the GIB currently oversees a group LTDI plan. The bill provides explicit statutory authority for the ETFB to establish the LTDI plan, and, as described above, the bill transfers oversight of the LTDI plan from the GIB to the ETFB.

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

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

1 **SECTION 1.** 13.121 (4) of the statutes is amended to read:

2 13.121 (4) **INSURANCE.** For the purpose of premium determinations under s.
3 40.05 (4) ~~and (5)~~, each member of the legislature shall accrue sick leave at a rate
4 equivalent to a percentage of time worked recommended for such positions by the
5 administrator of the division of personnel management in the department of
6 administration and approved by the joint committee on employment relations in the
7 same manner as compensation for such positions is determined under s. 20.923. This
8 percentage of time worked shall be applied to the sick leave accrual rate established
9 under s. 230.35 (2). The approved percentage shall be incorporated into the
10 compensation plan under s. 230.12 (1).

11 **SECTION 2.** 20.515 (1) (um) of the statutes is amended to read:

12 20.515 (1) (um) *Benefit administration.* From the public employee trust fund,
13 biennially, the amounts in the schedule to pay other parties for medical and
14 vocational evaluations used in determinations of eligibility for benefits under ss.
15 40.61, 40.63, 40.64, and 40.65.

16 **SECTION 3.** 40.02 (22) (b) 6. of the statutes is amended to read:

17 40.02 (22) (b) 6. Lump sum payments at termination for accumulated vacation,
18 sick leave, or compensatory time, ~~except that for disability purposes any lump sum~~
19 ~~payments shall be treated as a continuation of the employee's earnings and service~~
20 ~~at the employee's then current rate of pay.~~ This subdivision does not exclude
21 payments which are broadly applicable to the employees of the employer regardless
22 of age, length of service, or likelihood of employment termination.

23 **SECTION 4.** 40.03 (1) (i) of the statutes is amended to read:

24 40.03 (1) (i) May determine that some or all of the disability annuities and
25 death benefits provided from the Wisconsin retirement system shall instead be

1 provided through group insurance plans ~~to be established by the group insurance~~
2 ~~board~~ either as separate plans or as integral parts of the group life and income
3 continuation insurance plans established under this chapter.

4 **SECTION 5.** 40.03 (1) (p) of the statutes is amended to read:

5 40.03 (1) (p) May, upon the recommendation of the actuary, transfer in whole
6 or in part the assets and reserves held in any account described in s. 40.04 (9) to a
7 different account described in s. 40.04 (9), for the purpose of providing any group
8 insurance benefit ~~offered by the group insurance board.~~

9 **SECTION 6.** 40.03 (1) (q) of the statutes is created to read:

10 40.03 (1) (q) For the purpose of the group income continuation insurance plan
11 established under ss. 40.61 and 40.62 and the group long-term disability insurance
12 plan established under s. 40.64:

13 1. May, on behalf of the state, enter into a contract or contracts with one or more
14 insurers authorized to transact insurance business in this state for the purpose of
15 providing the plans.

16 2. May, wholly or partially in lieu of subd. 1., on behalf of the state, provide the
17 plans on a self-insured basis.

18 3. May take any action as trustees that is considered advisable and not
19 specifically prohibited or delegated to some other governmental agency to carry out
20 the purpose and intent of the plans.

21 4. May apportion all excess moneys becoming available to the board through
22 operation of the plans to reduce premium payments in following contract years or to
23 establish reserves to stabilize costs in subsequent years. If the board determines
24 that the excess became available due to favorable experience of specific groups of
25 employers or specific employee groups, the board may make the apportionment in

1 a manner designated to benefit the specific employers or employee groups only, or to
2 a greater extent than other employers and employee groups.

3 5. Shall take prompt action to liquidate any actuarial or cash deficit that occurs
4 in the accounts and reserves maintained in the fund for the plans.

5 6. Shall accept timely appeals of determinations made by the department
6 affecting any right or benefit under the plans.

7 **SECTION 7.** 40.03 (2) (i) of the statutes is amended to read:

8 40.03 (2) (i) ~~Shall Except as provided under pars. (ig) and (ir), shall promulgate,~~
9 ~~with the approval of the board, all rules, except rules promulgated under par. (ig) or~~
10 ~~(ir), that are required for the efficient administration of the fund or of any of the~~
11 ~~benefit plans established by this chapter. In addition to being approved by the board,~~
12 ~~and shall promulgate rules as necessary for a long-term disability insurance plan~~
13 ~~established under s. 40.64. All rules promulgated under this paragraph are subject~~
14 ~~to board approval under sub. (1) (m). Except rules promulgated under s. 40.30 (6),~~
15 ~~the rules promulgated under this paragraph relating to teachers must be approved~~
16 ~~are subject to approval by the teachers retirement board and under sub. (7) (d).~~
17 ~~Except rules promulgated under s. 40.30 (6), the rules promulgated under this~~
18 ~~paragraph relating to participants other than teachers must be approved are subject~~
19 ~~to approval by the Wisconsin retirement board, except rules promulgated under s.~~
20 ~~40.30 under sub. (8) (d).~~

21 **SECTION 8.** 40.03 (2) (ig) of the statutes is amended to read:

22 40.03 (2) (ig) Shall promulgate, with the approval of the group insurance board,
23 all rules required for the administration of the group health, long-term care, income
24 continuation or life insurance plans established under subchs. IV to ~~and~~ VI and
25 health savings accounts under subch. IV.

1 **SECTION 9.** 40.03 (6) (intro.) of the statutes is amended to read:

2 40.03 (6) GROUP INSURANCE BOARD. (intro.) ~~The~~ With respect to the group
3 insurance plans provided for by this chapter other than the group income
4 continuation insurance plan established under ss. 40.61 and 40.62 and the group
5 long-term disability insurance plan established under s. 40.64, the group insurance
6 board:

7 **SECTION 10.** 40.03 (6) (a) 1. of the statutes is amended to read:

8 40.03 (6) (a) 1. Except as provided in par. (m), shall, on behalf of the state, enter
9 into a contract or contracts with one or more insurers authorized to transact
10 insurance business in this state for the purpose of providing the group insurance
11 plans ~~provided for by this chapter; or,~~

12 **SECTION 11.** 40.03 (6) (d) (intro.) of the statutes is amended to read:

13 40.03 (6) (d) (intro.) May take any action as trustees which ~~that~~ is deemed
14 considered advisable and not specifically prohibited or delegated to some other
15 governmental agency, to carry out the purpose and intent of the group insurance
16 plans ~~provided under this chapter,~~ including, but not limited to, provisions in the
17 appropriate contracts relating to:

18 **SECTION 12.** 40.03 (6) (i) of the statutes is amended to read:

19 40.03 (6) (i) Shall accept timely appeals of determinations made by the
20 department affecting any right or benefit under ~~any~~ the group insurance plan
21 ~~provided for under this chapter plans that are overseen by the group insurance~~
22 board.

23 **SECTION 13.** 40.04 (2) (a) of the statutes is amended to read:

24 40.04 (2) (a) An administrative account shall be maintained within the fund
25 from which administrative costs of the department shall be paid, except charges for

1 services performed by the investment board, costs of medical and vocational
2 evaluations used in determinations of eligibility for benefits under ss. 40.61, 40.63,
3 40.64, and 40.65, and costs of contracting for insurance data collection and analysis
4 services under s. 40.03 (6) (j).

5 **SECTION 14.** 40.05 (5) (intro.) of the statutes is renumbered 40.05 (5) and
6 amended to read:

7 **40.05 (5) INCOME CONTINUATION INSURANCE PREMIUMS.** For the income
8 continuation insurance provided under subch. V ss. 40.61 and 40.62, the employee
9 shall pay the amount remaining after the employer has contributed the following or,
10 if different, the amount determined under a collective bargaining agreement under
11 subch. V of ch. 111 or s. 230.12 or 233.10: an amount equal to the gross premium
12 payable for insurance coverage that includes the longest waiting period available to
13 the employee under the insurance contract or by rule.

14 **SECTION 15.** 40.05 (5) (a) of the statutes is repealed.

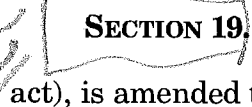
15 **SECTION 16.** 40.05 (5) (b) of the statutes is repealed.

16 **SECTION 17.** 40.23 (1) (bm) of the statutes is amended to read:


17 **40.23 (1) (bm)** If an application by a participant age 55 or over, or by a protective
18 occupation participant age 50 or over, for long-term disability insurance benefits
19 under s. 40.64 is disapproved under rules promulgated by the department, the date
20 which ~~that~~ would have been the effective date for the insurance benefits shall be is
21 the retirement annuity effective date if requested by the applicant within 60 days of
22 the disapproval or, if the disapproval is appealed, within 60 days of the final
23 disposition of the appeal.

24 **SECTION 18.** 40.61 (2) of the statutes is amended to read:

1 40.61 (2) Except as provided in sub. (4), any an eligible employee may become
2 covered by income continuation insurance by electing coverage within 30 days of
3 initial eligibility, to be effective as of the first day of the month that first occurs during
4 the 30-day period, or by electing coverage within 60 days of initially becoming
5 eligible for a higher level of employer contribution towards the premium cost to be
6 effective as of the first day of the month following the date of eligibility for teachers
7 employed by the university and effective as of the following April 1 for all other
8 employees. ~~Any~~ An employee who does not so elect at one of these times, or who
9 subsequently cancels the insurance, may not thereafter become insured unless the
10 employee furnishes evidence of insurability under the terms of the contract, or as
11 otherwise provided by rule for employees under sub. (3), at the employee's own
12 expense or obtains coverage subject to contractual waiting periods if contractual
13 waiting periods are provided for by the contract or by rule for employees under sub.
14 (3). An employee who furnishes satisfactory evidence of insurability under the terms
15 of the contract shall become insured as of the first day of the month following the date
16 of approval of evidence. The method to be used shall be determined by the group
17 insurance board under sub. (1).

18  **SECTION 19.** 40.61 (2) of the statutes, as affected by 2019 Wisconsin Act (this
19 act), is amended to read:

20 40.61 (2) Except as provided in sub. (4), an eligible employee may become
21 covered by income continuation insurance by electing coverage within 30 days of
22 initial eligibility, to be effective as of the first day of the month that first occurs during
23 the 30-day period, ~~or by electing coverage within 60 days of initially becoming~~
24 ~~eligible for a higher level of employer contribution towards the premium cost to be~~
25 ~~effective as of the first day of the month following the date of eligibility for teachers~~



1 ~~employed by the university and effective as of the following April 1 for all other~~
2 ~~employees.~~ An employee who does not so elect at ~~one of these times,~~ or who
3 subsequently cancels the insurance, may not thereafter become insured unless the
4 employee furnishes evidence of insurability under the terms of the contract, or as
5 otherwise provided by rule for employees under sub. (3), at the employee's own
6 expense or obtains coverage subject to contractual waiting periods if contractual
7 waiting periods are provided for by the contract or by rule for employees under sub.
8 (3). An employee who furnishes satisfactory evidence of insurability under the terms
9 of the contract shall become insured as of the first day of the month following the date
10 of approval of evidence. The method to be used shall be determined by the board
11 under sub. (1).


12 **SECTION 20.** 40.61 (3) of the statutes is amended to read:

13 40.61 (3) ~~Any~~ An employer under s. 40.02 (28), other than the state, may offer
14 to all of its employees ~~an~~ a group income continuation insurance plan through a
15 program offered by the ~~group insurance~~ board. Notwithstanding sub. (2) and ss.
16 40.05 (5) and 40.62, the department may by rule establish different eligibility
17 standards or contribution requirements for such those employees and employers and
18 may by rule limit the categories of employers ~~which~~ that may be included as
19 participating employers under this subchapter.

20 **SECTION 21.** 40.62 (1) of the statutes is amended to read:

21 40.62 (1) The ~~group insurance~~ board shall establish ~~an~~ a group income
22 continuation insurance plan providing for full or partial payment of the financial loss
23 of earnings incurred as a result of injury or illness with separate provisions for
24 short-term insurance with a benefit duration of no more than one year and
25 long-term insurance covering injury or illness of indefinite duration. ~~Employees~~ An

1 ~~employee insured under the plan shall be~~ is eligible for benefits upon exhaustion of
2 accumulated sick leave and completion of the ~~elimination~~ waiting period established
3 by the ~~group insurance~~ board.

4  **SECTION 22.** 40.62 (1) of the statutes, as affected by 2019 Wisconsin Act (this
5 act), is renumbered 40.62 and amended to read:

6 **40.62 Income continuation insurance benefits.** The board shall establish
7 a group income continuation insurance plan providing for full or partial payment of
8 the financial loss of earnings incurred as a result of injury or illness ~~with separate~~
9 ~~provisions for short-term insurance with a benefit duration of no more than one year~~
10 ~~and long-term insurance covering injury or illness of indefinite duration.~~ An
11 employee insured under the plan is eligible for benefits upon exhaustion of
12 ~~accumulated sick leave and completion of the~~ a waiting period selected by the
13 employee from the available options established by the board.

14 **SECTION 23.** 40.62 (1m) and (2) of the statutes are repealed.

15 **SECTION 24.** 40.63 (8) (f) of the statutes is amended to read:

16 40.63 (8) (f) ~~If an employer certifies that an employee's date of termination of~~
17 ~~employment is being extended past the last day worked due to any payment for~~
18 ~~accumulated sick leave, vacation or compensatory time, a participating employee~~
19 ~~may file an application for a disability annuity as if the last day worked were the last~~
20 ~~day paid. Regardless of the application date for a disability annuity, The department~~
21 will consider the date of termination of employment for effective date purposes shall
22 ~~be deemed~~ to be the last day for which the participant was paid, including any
23 payment for accumulated leave time the employee used, but if a disability annuity
24 applicant whose application has been approved dies before the last day paid, but
25 after the last day worked, the effective date is the date of death.

1 **SECTION 25.** 40.63 (8) (h) (intro.), 1. and 2. of the statutes are amended to read:

2 40.63 (8) (h) (intro.) If an applicant dies prior to the date ~~a decision regarding~~
3 ~~the approval or disapproval of an application for a disability benefit becomes final~~
4 ~~under sub. (5) the department makes a determination to approve or deny the~~
5 ~~application, the department will consider the application is deemed to have been~~
6 approved prior to the applicant's death if all of the following are true:

7 1. The applicant ~~was eligible for the disability benefit; met one of the~~
8 ~~requirements for eligibility under sub. (1) (a) on the date of death.~~

9 2. The department received an application for the disability benefit in the form
10 approved by the department and at least one written qualifying medical certification
11 required under sub. (1) (d); and before the date of death.

12 **SECTION 26.** 40.63 (8) (h) 4. of the statutes is created to read:

13 40.63 (8) (h) 4. The applicant's employer certifies that on the date of death the
14 applicant was on a leave of absence or had terminated participating employment and
15 was not expected to resume active service for the employer due to a mental or
16 physical impairment as described in sub. (1) (b).

17 **SECTION 27.** 40.63 (8) (hm) of the statutes is created to read:

18 40.63 (8) (hm) For the purpose of par. (h), the named survivor or beneficiary
19 of an applicant for a disability benefit under this section may waive the right to
20 receive the disability benefit and elect instead to receive a death benefit calculated
21 according to s. 40.73 (1) (am). The named survivor or beneficiary must designate the
22 waiver and election in writing in a form approved by the department. A waiver made
23 under this paragraph is irrevocable upon receipt by the department.

24 **SECTION 28.** 40.63 (9) (c) (intro.) of the statutes is amended to read:

1 40.63 (9) (c) (intro.) The disability annuity shall be terminated and no payment
2 shall be payable to an annuitant after the first of the month in which a determination
3 is made by the department that makes any of the following determinations:

4 **SECTION 29.** 40.63 (9) (c) 1. of the statutes is amended to read:

5 40.63 (9) (c) 1. The written physician's report required in par. (a) indicates that
6 the annuitant has recovered from the disability so the annuitant is no longer
7 disabled to the extent required under sub. (1) (b);.

8 **SECTION 30.** 40.63 (9) (c) 2. of the statutes is amended to read:

9 40.63 (9) (c) 2. The annuitant refuses to submit to an examination under par.
10 (a); or.

11 **SECTION 31.** 40.63 (9) (c) 4. of the statutes is created to read:

12 40.63 (9) (c) 4. The annuitant's earnings or other earned income from any
13 source for personal services exceeds the amount established under sub. (11) during
14 2 calendar years within a 5-year period, except that this subdivision does not apply
15 to an annuitant who is receiving payment under sub. (4).

16 **SECTION 32.** 40.64 of the statutes is created to read:

17 **40.64 Long-term disability insurance coverage.** The board may establish
18 a group long-term disability insurance plan.

19 **SECTION 33.** 757.02 (5) of the statutes is amended to read:

20 757.02 (5) Except for retired judges appointed under s. 753.075, each supreme
21 court justice, court of appeals judge, and circuit court judge included under ch. 40
22 shall accrue sick leave at the rate established under s. 230.35 (2) for the purpose of
23 credits under s. 40.05 (4) (b) and for premium payment determinations under s. 40.05
24 (4) and (5).

25 **SECTION 34. Nonstatutory provisions.**

9113
Employee Trust Funds (B)

1 (1) TRANSFER OF OVERSIGHT OF GROUP DISABILITY BENEFIT INSURANCE PLANS.

2 (a) *Tangible personal property.* On the effective date of this paragraph, all
3 tangible personal property, including records, of the group insurance board that is
4 primarily related to the group income continuation insurance plan or long-term
5 disability insurance plan, as determined by the secretary of employee trust funds,
6 is transferred to the employee trust funds board.

7 (b) *Contracts.* All contracts entered into by the group insurance board in effect
8 on the effective date of this paragraph that are primarily related to the group income
9 continuation insurance plan or long-term disability insurance plan, as determined
10 by the secretary of employee trust funds, remain in effect and are transferred to the
11 employee trust funds board. The employee trust funds board shall carry out any
12 obligations under those contracts unless modified or rescinded by the employee trust
13 funds board to the extent allowed under the contract.

14 (c) *Rules.* All rules promulgated by the group insurance board in effect on the
15 effective date of this paragraph that are primarily related to the group income
16 continuation insurance plan or long-term disability insurance plan remain in effect
17 until their specified expiration dates or until amended or repealed by the employee
18 trust funds board.

19 (d) *Pending matters.* Any matter pending with the group insurance board on
20 the effective date of this paragraph that is primarily related to the group income
21 continuation insurance plan or long-term disability insurance plan, as determined
22 by the secretary of employee trust funds, is transferred to the employee trust funds
23 board. All materials submitted to or actions taken by the group insurance board with
24 respect to the pending matter are considered as having been submitted to or taken
25 by the employee trust funds board.

9 9313
SECTION 35. Initial applicability.

Employee Trust Funds

B

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

(1) INCOME CONTINUATION INSURANCE PREMIUMS. The treatment of ss. 13.121 (4) and 757.02 (5), the repeal of s. 40.05 (5) (a) and (b), and the renumbering and amendment of s. 40.05 (5) (intro.) first apply to premiums paid on the effective date of this subsection.

(2) ELIGIBILITY FOR INCOME CONTINUATION INSURANCE BENEFITS. The treatment of s. 40.62 (1) (by SECTION 22), (1m), and (2) first applies to an employee who, as a result of injury or illness, works the employee's last day on the effective date of this subsection.

(3) TERMINATION OF THE WISCONSIN RETIREMENT SYSTEM DISABILITY ANNUITY FOR ANNUITANT WHO EXCEEDS ANNUAL EARNINGS LIMIT. The treatment of s. 40.63 (9) (c) 4. first applies to a 5-year period that begins on January 1, 2020.

SECTION 36. Effective dates. This act takes effect on the day after publication,

except as follows:

9413

Employee Trust Funds

(1) INCOME CONTINUATION INSURANCE PREMIUMS; ELECTION OF INCOME CONTINUATION INSURANCE COVERAGE; ELIGIBILITY FOR INCOME CONTINUATION INSURANCE BENEFITS. The treatment of ss. 13.121 (4), 40.61 (2) (by SECTION 19), 40.62 (1) (by SECTION 22), and 757.02 (5), the repeal of ss. 40.05 (5) (a) and (b) and 40.62 (1m) and (2), the renumbering and amendment of s. 40.05 (5) (intro.), and SECTION 35 (1) and (2) of this act take effect on January 1, 2021.

(END)

9313

AK

McGreevy, Mary Alice

From: Sherwin, Derek - DOA
Sent: Thursday, December 27, 2018 11:37 AM
To: McGreevy, Mary Alice
Subject: LRB 19-1013 & 19-0760
Attachments: 19-1013_P1.pdf; 19-0760_P1.pdf

Good morning,

I have a couple of requested changes to statutory language requests that I entered through SharePoint earlier this month. Please let me know if you have any questions or wish to discuss – thank you for your help.

19-1013

The scope of the Office of Internal Audit proposal (19-1013 P1) has been scaled back slightly – under the new version, the Office of Internal Audit should be attached to the ETF Board, but unclassified positions will no longer be created and the ETF Board will not have the ability to create or abolish positions as it wishes. Since the Office of Internal Audit already exists (but is currently under the purview of the ETF Secretary, and not the Board), do you think it is necessary to include language that would just transfer the oversight of this Office?

19-0760

The scope of the disability plan changes (19-0760 P1) has also been scaled back. We would like to retain the provision that transfers oversight of the disability programs to the ETF Board, but remove provisions pertaining to changes in the coverage and benefits under the group ICI plan and changes in the employer/employee share of the ICI premium payments. The provisions pertaining to elections for named survivors/beneficiaries and limitations on earned income under the disability annuity would be retained.

Thanks,

Derek Sherwin
Wisconsin Department of Administration
Division of Executive Finance & Budget
State Budget Office
Executive Policy & Budget Analyst
(608) 266-3382



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-0760/P1

MIM:emw

P2
gmn

DOA:.....Sherwin, BB0085 - Group disability benefit insurance plans offered to state employees

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

SA
Pwf

In 1/3/19
Dne 1/7/19

no gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE EMPLOYMENT

Oversight of group disability benefit insurance plans

Under current law, the Group Insurance Board oversees the group income continuation insurance (ICI) plan and the group long-term disability insurance (LTDI) plan. This bill transfers oversight of those plans to the Employee Trust Funds Board.

Providing election for named survivor or beneficiary

The bill allows a named survivor or beneficiary of an applicant for a disability annuity to waive rights to a disability death benefit and elect to receive a participating employee death benefit. The waiver is irrevocable.

Limitation on earned income under disability annuity

The bill provides that if an individual who is receiving a regular disability annuity earns income that exceeds the annual earnings limit in two calendar years within a five-year period, that individual's disability annuity benefit payments will be terminated.

Coverage and benefits under the group ICI plan

Under current law, the GIB is required to offer employees group ICI coverage that pays for lost earnings as a result of injury or illness. The bill provides that, as

of January 1, 2021, the ETFB must provide a group ICI plan, but the ETFB is not required to provide separate provisions for short-term and long-term insurance or to provide a particular benefit duration.

Employer and employee share of ICI premium payments

The bill changes how the employer and employee shares of premium payments for ICI coverage are determined and eliminates the different levels of employer contributions toward premium costs. Therefore, the bill also eliminates the ability for employees to elect coverage based on becoming eligible for a higher level of employer contribution.

Group LTDI plan

Under current law, the ETFB may determine that the GIB must establish a group insurance plan to provide certain disability annuity or death benefits. Under this authority, the GIB currently oversees a group LTDI plan. The bill provides explicit statutory authority for the ETFB to establish the LTDI plan, and, as described above, the bill transfers oversight of the LTDI plan from the GIB to the ETFB.

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

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

1 **SECTION 1.** 13.121 (4) of the statutes is amended to read:

2 13.121 (4) INSURANCE. For the purpose of premium determinations under s.
3 40.05 (4) and ~~(5)~~, each member of the legislature shall accrue sick leave at a rate
4 equivalent to a percentage of time worked recommended for such positions by the
5 administrator of the division of personnel management in the department of
6 administration and approved by the joint committee on employment relations in the
7 same manner as compensation for such positions is determined under s. 20.923. This
8 percentage of time worked shall be applied to the sick leave accrual rate established
9 under s. 230.35 (2). The approved percentage shall be incorporated into the
10 compensation plan under s. 230.12 (1).

11 **SECTION 2.** 20.515 (1) (um) of the statutes is amended to read:

1 20.515 (1) (um) *Benefit administration*. From the public employee trust fund,
2 biennially, the amounts in the schedule to pay other parties for medical and
3 vocational evaluations used in determinations of eligibility for benefits under ss.
4 40.61, 40.63, 40.64, and 40.65.

5 **SECTION 3.** 40.02 (22) (b) 6. of the statutes is amended to read:

6 40.02 (22) (b) 6. Lump sum payments at termination for accumulated vacation,
7 sick leave, or compensatory time, ~~except that for disability purposes any lump sum~~
8 ~~payments shall be treated as a continuation of the employee's earnings and service~~
9 ~~at the employee's then current rate of pay.~~ This subdivision does not exclude
10 payments which are broadly applicable to the employees of the employer regardless
11 of age, length of service, or likelihood of employment termination.

12 **SECTION 4.** 40.03 (1) (i) of the statutes is amended to read:

13 40.03 (1) (i) May determine that some or all of the disability annuities and
14 death benefits provided from the Wisconsin retirement system shall instead be
15 provided through group insurance plans ~~to be established by the group insurance~~
16 ~~board~~ either as separate plans or as integral parts of the group life and income
17 continuation insurance plans established under this chapter.

18 **SECTION 5.** 40.03 (1) (p) of the statutes is amended to read:

19 40.03 (1) (p) May, upon the recommendation of the actuary, transfer in whole
20 or in part the assets and reserves held in any account described in s. 40.04 (9) to a
21 different account described in s. 40.04 (9), for the purpose of providing any group
22 insurance benefit ~~offered by the group insurance board.~~

23 **SECTION 6.** 40.03 (1) (q) of the statutes is created to read:

1 40.03 (1) (q) For the purpose of the group income continuation insurance plan
2 established under ss. 40.61 and 40.62 and the group long-term disability insurance
3 plan established under s. 40.64:

4 1. May, on behalf of the state, enter into a contract or contracts with one or more
5 insurers authorized to transact insurance business in this state for the purpose of
6 providing the plans.

7 2. May, wholly or partially in lieu of subd. 1., on behalf of the state, provide the
8 plans on a self-insured basis.

9 3. May take any action as trustees that is considered advisable and not
10 specifically prohibited or delegated to some other governmental agency to carry out
11 the purpose and intent of the plans.

12 4. May apportion all excess moneys becoming available to the board through
13 operation of the plans to reduce premium payments in following contract years or to
14 establish reserves to stabilize costs in subsequent years. If the board determines
15 that the excess became available due to favorable experience of specific groups of
16 employers or specific employee groups, the board may make the apportionment in
17 a manner designated to benefit the specific employers or employee groups only, or to
18 a greater extent than other employers and employee groups.

19 5. Shall take prompt action to liquidate any actuarial or cash deficit that occurs
20 in the accounts and reserves maintained in the fund for the plans.

21 6. Shall accept timely appeals of determinations made by the department
22 affecting any right or benefit under the plans.

23 **SECTION 7.** 40.03 (2) (i) of the statutes is amended to read:

24 40.03 (2) (i) Shall Except as provided under pars. (ig) and (ir), shall promulgate,
25 ~~with the approval of the board, all rules, except rules promulgated under par. (ig) or~~

X

(ir), that are required for the efficient administration of the fund or of any of the benefit plans established by this chapter. ~~In addition to being approved by the board, and shall promulgate rules as necessary for a long-term disability insurance plan established under s. 40.64. All rules promulgated under this paragraph are subject to board approval under sub. (1) (m). Except rules promulgated under s. 40.30 (6), the rules promulgated under this paragraph relating to teachers must be approved are subject to approval by the teachers retirement board and under sub. (7) (d). Except rules promulgated under s. 40.30 (6), the rules promulgated under this paragraph relating to participants other than teachers must be approved are subject to approval by the Wisconsin retirement board, except rules promulgated under s. 40.30 under sub. (8) (d).~~

SECTION 8. 40.03 (2) (ig) of the statutes is amended to read:

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

SECTION 9. 40.03 (6) (intro.) of the statutes is amended to read:

40.03 (6) GROUP INSURANCE BOARD. (intro.) ~~The~~ With respect to the group insurance plans provided for by this chapter other than the group income continuation insurance plan established under ss. 40.61 and 40.62 and the group long-term disability insurance plan established under s. 40.64, the group insurance board:

SECTION 10. 40.03 (6) (a) 1. of the statutes is amended to read:

40.03 (6) (a) 1. Except as provided in par. (m), shall, on behalf of the state, enter into a contract or contracts with one or more insurers authorized to transact

1 insurance business in this state for the purpose of providing the group insurance
2 plans provided for by this chapter; or.

③ SECTION 11. 40.03 (6) (d) (intro.) of the statutes is amended to read:

4 40.03 (6) (d) (intro.) May take any action as trustees which that is deemed
5 considered advisable and not specifically prohibited or delegated to some other
6 governmental agency, to carry out the purpose and intent of the group insurance
7 plans provided under this chapter, including, but not limited to, provisions in the
8 appropriate contracts relating to:

⑨ SECTION 12. 40.03 (6) (i) of the statutes is amended to read:

10 40.03 (6) (i) Shall accept timely appeals of determinations made by the
11 department affecting any right or benefit under any the group insurance plan
12 provided for under this chapter plans that are overseen by the group insurance
13 board.

⑭ SECTION 13. 40.04 (2) (a) of the statutes is amended to read:

15 40.04 (2) (a) An administrative account shall be maintained within the fund
16 from which administrative costs of the department shall be paid, except charges for
17 services performed by the investment board, costs of medical and vocational
18 evaluations used in determinations of eligibility for benefits under ss. 40.61, 40.63,
19 40.64, and 40.65, and costs of contracting for insurance data collection and analysis
20 services under s. 40.03 (6) (j).

⑮ SECTION 14. 40.05 (5) (intro.) of the statutes is renumbered 40.05 (5) and
22 amended to read:

23 40.05 (5) INCOME CONTINUATION INSURANCE PREMIUMS. For the income
24 continuation insurance provided under subch. V ss. 40.61 and 40.62, the employee
25 shall pay the amount remaining after the employer has contributed the following or,

*

1 if different, the amount determined under a collective bargaining agreement under
2 subch. V of ch. 111 or s. 230.12 or 233.10: an amount equal to the gross premium
3 payable for insurance coverage that includes the longest waiting period available to
4 the employee under the insurance contract or by rule.

5 **SECTION 15.** 40.05 (5) (a) of the statutes is repealed.

6 **SECTION 16.** 40.05 (5) (b) of the statutes is repealed.

7 **SECTION 17.** 40.23 (1) (bm) of the statutes is amended to read:

8 40.23 (1) (bm) If an application by a participant age 55 or over, or by a protective
9 occupation participant age 50 or over, for long-term disability insurance benefits
10 under s. 40.64 is disapproved under rules promulgated by the department, the date
11 which that would have been the effective date for the insurance benefits shall be is
12 the retirement annuity effective date if requested by the applicant within 60 days of
13 the disapproval or, if the disapproval is appealed, within 60 days of the final
14 disposition of the appeal.

15 **SECTION 18.** 40.61 (2) of the statutes is amended to read:

16 40.61 (2) Except as provided in sub. (4), any an eligible employee may become
17 covered by income continuation insurance by electing coverage within 30 days of
18 initial eligibility, to be effective as of the first day of the month that first occurs during
19 the 30-day period, or by electing coverage within 60 days of initially becoming
20 eligible for a higher level of employer contribution towards the premium cost to be
21 effective as of the first day of the month following the date of eligibility for teachers
22 employed by the university and effective as of the following April 1 for all other
23 employees. Any An employee who does not so elect at one of these times, or who
24 subsequently cancels the insurance, may not thereafter become insured unless the
25 employee furnishes evidence of insurability under the terms of the contract, or as

1 otherwise provided by rule for employees under sub. (3), at the employee's own
2 expense or obtains coverage subject to contractual waiting periods if contractual
3 waiting periods are provided for by the contract or by rule for employees under sub.
4 (3). An employee who furnishes satisfactory evidence of insurability under the terms
5 of the contract shall become insured as of the first day of the month following the date
6 of approval of evidence. The method to be used shall be determined by the group
7 insurance board under sub. (1).

8 **SECTION 19.** 40.61 (2) of the statutes, as affected by 2019 Wisconsin Act ... (this
9 act), is amended to read:

10 40.61 (2) Except as provided in sub. (4), an eligible employee may become
11 covered by income continuation insurance by electing coverage within 30 days of
12 initial eligibility, to be effective as of the first day of the month that first occurs during
13 the 30-day period, ~~or by electing coverage within 60 days of initially becoming~~
14 ~~eligible for a higher level of employer contribution towards the premium cost to be~~
15 ~~effective as of the first day of the month following the date of eligibility for teachers~~
16 ~~employed by the university and effective as of the following April 1 for all other~~
17 ~~employees. An employee who does not so elect at one of these times, or who~~
18 ~~subsequently cancels the insurance, may not thereafter become insured unless the~~
19 ~~employee furnishes evidence of insurability under the terms of the contract, or as~~
20 ~~otherwise provided by rule for employees under sub. (3), at the employee's own~~
21 ~~expense or obtains coverage subject to contractual waiting periods if contractual~~
22 ~~waiting periods are provided for by the contract or by rule for employees under sub.~~
23 (3). An employee who furnishes satisfactory evidence of insurability under the terms
24 of the contract shall become insured as of the first day of the month following the date

1 of approval of evidence. The method to be used shall be determined by the board
2 under sub. (1).

3 **SECTION 20.** 40.61 (3) of the statutes is amended to read:

4 40.61 (3) ~~Any~~ An employer under s. 40.02 (28), other than the state, may offer
5 to all of its employees ~~an~~ a group income continuation insurance plan through a
6 program offered by the ~~group insurance~~ board. Notwithstanding sub. (2) and ss.
7 40.05 (5) and 40.62, the department may by rule establish different eligibility
8 standards or contribution requirements for ~~such~~ those employees and employers and
9 may by rule limit the categories of employers ~~which~~ that may be included as
10 participating employers under this subchapter.

11 **SECTION 21.** 40.62 (1) of the statutes is amended to read:

12 40.62 (1) The ~~group insurance~~ board shall establish ~~an~~ a group income
13 continuation insurance plan providing for full or partial payment of the financial loss
14 of earnings incurred as a result of injury or illness with separate provisions for
15 short-term insurance with a benefit duration of no more than one year and
16 long-term insurance covering injury or illness of indefinite duration. ~~Employees~~ An
17 employee insured under the plan ~~shall be~~ is eligible for benefits upon exhaustion of
18 accumulated sick leave and completion of the elimination waiting period established
19 by the group insurance board.

↑
NOSTRIKE

20 **SECTION 22.** 40.62 (1) of the statutes, as affected by 2019 Wisconsin Act ... (this
21 act), is renumbered 40.62 and amended to read:

22 **40.62 Income continuation insurance benefits.** The board shall establish
23 a group income continuation insurance plan providing for full or partial payment of
24 the financial loss of earnings incurred as a result of injury or illness ~~with separate~~
25 ~~provisions for short-term insurance with a benefit duration of no more than one year~~

1 ~~and long-term insurance covering injury or illness of indefinite duration. An~~
2 ~~employee insured under the plan is eligible for benefits upon exhaustion of~~
3 ~~accumulated sick leave and completion of the a waiting period selected by the~~
4 ~~employee from the available options established by the board.~~

5 **SECTION 23.** 40.62 (1m) and (2) of the statutes are repealed.

6 **SECTION 24.** 40.63 (8) (f) of the statutes is amended to read:

7 40.63 (8) (f) ~~If an employer certifies that an employee's date of termination of~~
8 ~~employment is being extended past the last day worked due to any payment for~~
9 ~~accumulated sick leave, vacation or compensatory time, a participating employee~~
10 ~~may file an application for a disability annuity as if the last day worked were the last~~
11 ~~day paid. Regardless of the application date for a disability annuity, The department~~
12 ~~will consider the date of termination of employment for effective date purposes shall~~
13 ~~be deemed to be the last day for which the participant was paid, including any~~
14 ~~payment for accumulated leave time the employee used, but if a disability annuity~~
15 ~~applicant whose application has been approved dies before the last day paid, but~~
16 ~~after the last day worked, the effective date is the date of death.~~

17 **SECTION 25.** 40.63 (8) (h) (intro.), 1. and 2. of the statutes are amended to read:

18 40.63 (8) (h) (intro.) ~~If an applicant dies prior to the date a decision regarding~~
19 ~~the approval or disapproval of an application for a disability benefit becomes final~~
20 ~~under sub. (5) the department makes a determination to approve or deny the~~
21 ~~application, the department will consider the application is deemed to have been~~
22 ~~approved prior to the applicant's death if all of the following are true:~~

23 1. ~~The applicant was eligible for the disability benefit; met one of the~~
24 ~~requirements for eligibility under sub. (1) (a) on the date of death.~~

1 2. The department received an application for the disability benefit in the form
2 approved by the department and at least one written qualifying medical certification
3 required under sub. (1) (d); and before the date of death.

4 **SECTION 26.** 40.63 (8) (h) 4. of the statutes is created to read:

5 40.63 (8) (h) 4. The applicant's employer certifies that on the date of death the
6 applicant was on a leave of absence or had terminated participating employment and
7 was not expected to resume active service for the employer due to a mental or
8 physical impairment as described in sub. (1) (b).

9 **SECTION 27.** 40.63 (8) (hm) of the statutes is created to read:

10 40.63 (8) (hm). For the purpose of par. (h), the named survivor or beneficiary
11 of an applicant for a disability benefit under this section may waive the right to
12 receive the disability benefit and elect instead to receive a death benefit calculated
13 according to s. 40.73 (1) (am). The named survivor or beneficiary must designate the
14 waiver and election in writing in a form approved by the department. A waiver made
15 under this paragraph is irrevocable upon receipt by the department.

16 **SECTION 28.** 40.63 (9) (c) (intro.) of the statutes is amended to read:

17 40.63 (9) (c) (intro.) The disability annuity shall be terminated and no payment
18 shall be payable to an annuitant after the first of the month in which ~~a determination~~
19 ~~is made by the department that~~ makes any of the following determinations:

20 **SECTION 29.** 40.63 (9) (c) 1. of the statutes is amended to read:

21 40.63 (9) (c) 1. The written physician's report required in par. (a) indicates that
22 the annuitant has recovered from the disability so the annuitant is no longer
23 disabled to the extent required under sub. (1) (b);.

24 **SECTION 30.** 40.63 (9) (c) 2. of the statutes is amended to read:

1 40.63 (9) (c) 2. The annuitant refuses to submit to an examination under par.
2 (a); or.

3 SECTION 31. 40.63 (9) (c) 4. of the statutes is created to read:

4 40.63 (9) (c) 4. The annuitant's earnings or other earned income from any
5 source for personal services exceeds the amount established under sub. (11) during
6 2 calendar years within a 5-year period, except that this subdivision does not apply
7 to an annuitant who is receiving payment under sub. (4).

8 SECTION 32. 40.64 of the statutes is created to read:

9 **40.64 Long-term disability insurance coverage.** The board may establish
10 a group long-term disability insurance plan.

11 SECTION 33. 757.02 (5) of the statutes is amended to read:

12 757.02 (5) Except for retired judges appointed under s. 753.075, each supreme
13 court justice, court of appeals judge, and circuit court judge included under ch. 40
14 shall accrue sick leave at the rate established under s. 230.35 (2) for the purpose of
15 credits under s. 40.05 (4) (b) and for premium payment determinations under s. 40.05
16 (4) and (5).

17 **SECTION 9113. Nonstatutory provisions; Employee Trust Funds.**

18 (1) TRANSFER OF OVERSIGHT OF GROUP DISABILITY BENEFIT INSURANCE PLANS.

19 (a) *Tangible personal property.* On the effective date of this paragraph, all
20 tangible personal property, including records, of the group insurance board that is
21 primarily related to the group income continuation insurance plan or long-term
22 disability insurance plan, as determined by the secretary of employee trust funds,
23 is transferred to the employee trust funds board.

24 (b) *Contracts.* All contracts entered into by the group insurance board in effect
25 on the effective date of this paragraph that are primarily related to the group income

1 continuation insurance plan or long-term disability insurance plan, as determined
2 by the secretary of employee trust funds, remain in effect and are transferred to the
3 employee trust funds board. The employee trust funds board shall carry out any
4 obligations under those contracts unless modified or rescinded by the employee trust
5 funds board to the extent allowed under the contract.

6 (c) *Rules.* All rules promulgated by the group insurance board in effect on the
7 effective date of this paragraph that are primarily related to the group income
8 continuation insurance plan or long-term disability insurance plan remain in effect
9 until their specified expiration dates or until amended or repealed by the employee
10 trust funds board.

11 (d) *Pending matters.* Any matter pending with the group insurance board on
12 the effective date of this paragraph that is primarily related to the group income
13 continuation insurance plan or long-term disability insurance plan, as determined
14 by the secretary of employee trust funds, is transferred to the employee trust funds
15 board. All materials submitted to or actions taken by the group insurance board with
16 respect to the pending matter are considered as having been submitted to or taken
17 by the employee trust funds board.

18 **SECTION 9313. Initial applicability; Employee Trust Funds.**

19 (1) **INCOME CONTINUATION INSURANCE PREMIUMS.** The treatment of ss. 13.121 (4)
20 and 757.02 (5), the repeal of s. 40.05 (5) (a) and (b), and the renumbering and
21 amendment of s. 40.05 (5) (intro.) first apply to premiums paid on the effective date
22 of this subsection.

23 (2) **ELIGIBILITY FOR INCOME CONTINUATION INSURANCE BENEFITS.** The treatment
24 of s. 40.62 (1) (by SECTION 22), (1m), and (2) first applies to an employee who, as a

1 result of injury or illness, works the employee's last day on the effective date of this
2 subsection.

3 ~~(3)~~ ^(F) **TERMINATION OF THE WISCONSIN RETIREMENT SYSTEM DISABILITY ANNUITY FOR**
4 **ANNUITANT WHO EXCEEDS ANNUAL EARNINGS LIMIT. The treatment of s. 40.63 (9) (c) 4.**
5 **first applies to a 5-year period that begins on January 1, 2020.**

6 **SECTION 9413. Effective dates; Employee Trust Funds.**

7 (1) INCOME CONTINUATION INSURANCE PREMIUMS; ELECTION OF INCOME
8 CONTINUATION INSURANCE COVERAGE; ELIGIBILITY FOR INCOME CONTINUATION INSURANCE
9 BENEFITS. The treatment of ss. 13.121 (4), 40.61 (2) (by SECTION 19), 40.62 (1) (by
10 SECTION 22), and 757.02 (5), the repeal of ss. 40.05 (5) (a) and (b) and 40.62 (1m) and
11 (2), the renumbering and amendment of s. 40.05 (5) (intro.), and SECTION 9313 (1) and
12 (2) of this act take effect on January 1, 2021.

13 (END)

McGreevy, Mary Alice

From: Sherwin, Derek - DOA
Sent: Sunday, February 17, 2019 7:16 PM
To: McGreevy, Mary Alice
Subject: LRB 760

Hi Mary Alice --

Could you create a version of LRB -760 that only transfers oversight of the disability program to the ETF Board -- the draft would not adjust any other aspects of the disability programs.

Thank you,
Derek