



State of Wisconsin
2003 - 2004 LEGISLATURE

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**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2003 ASSEMBLY BILL 674**

January 15, 2004 – Offered by COMMITTEE ON INSURANCE.

1 **AN ACT** *to amend* 40.05 (4) (ad) and 40.51 (2); and *to create* 40.02 (25) (b) 5m.
2 of the statutes; **relating to:** payment of health insurance premiums for certain
3 annuitants under the Wisconsin Retirement System who become employed by
4 the state.

Analysis by the Legislative Reference Bureau

Under current law, a person who is an annuitant under the Wisconsin Retirement System (WRS) and who subsequently becomes employed by the state is not eligible for employer contributions toward the cost of health insurance coverage during the time that he or she is employed by the state unless the person first terminates his or her WRS annuity. This bill permits a person who is a WRS annuitant to become a state employee and become eligible for employer contributions toward the payment of the cost of health insurance coverage while employed by the state without having to terminate his or her WRS annuity. In order for the annuitant to become eligible for the employer contributions, the person's employer must agree to make the employer contributions.

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

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

1 **SECTION 1.** 40.02 (25) (b) 5m. of the statutes is created to read:

2 40.02 **(25)** (b) 5m. An annuitant who is employed by a state agency after
3 becoming an annuitant and who does not terminate his or her retirement annuity
4 under s. 40.26 and whose employer has agreed, in writing, to pay employer
5 contributions towards the premium costs of health insurance coverage under s. 40.05
6 (4) (ag). This subdivision shall not apply to an annuitant who is employed by a state
7 agency as a limited term employee under s. 230.26 or who is not expected to work at
8 least one-third of what is considered full-time employment by the department, as
9 determined by rule.

10 **SECTION 2.** 40.05 (4) (ad) of the statutes is amended to read:

11 40.05 **(4)** (ad) For health insurance, each insured retired employee who elects
12 coverage under s. 40.51 (10), (10m) or (16) shall pay the entire amount of the required
13 premiums, except as provided in par. (bc). This paragraph shall not apply to an
14 eligible employee, as defined in s. 40.02 (25) (b) 5m.

15 **SECTION 3.** 40.51 (2) of the statutes is amended to read:

16 40.51 **(2)** Except as provided in subs. (10), (10m), (11) and (16), any eligible
17 employee may become covered by group health insurance by electing coverage within
18 30 days of being hired, to be effective as of the first day of the month which begins
19 on or after the date the application is received by the employer, or by electing
20 coverage prior to becoming eligible for employer contribution towards the premium
21 cost as provided in s. 40.05 (4) (a) to be effective upon becoming eligible for employer

1 contributions, and any eligible employee, as defined in s. 40.02 (25) (b) 5m. may
2 become covered by group health insurance by electing coverage within 30 days after
3 the employer has agreed, in writing, to pay employer contributions toward the
4 premium cost of such insurance. An eligible employee who is not insured, but who
5 is eligible for an employer contribution under s. 40.05 (4) (ag) 1., may elect coverage
6 prior to becoming eligible for an employer contribution under s. 40.05 (4) (ag) 2., with
7 the coverage to be effective upon becoming eligible for the increase in the employer
8 contribution. Any employee who does not so elect at one of these times, or who
9 subsequently cancels the insurance, shall not thereafter become insured unless the
10 employee furnishes evidence of insurability satisfactory to the insurer, at the
11 employee's own expense or obtains coverage subject to contractual waiting periods.
12 The method to be used shall be specified in the health insurance contract. This
13 subsection shall apply specifically to an eligible employee, as defined in s. 40.02 (25)
14 (b) 5m., even if that employee would otherwise be subject to subs. (10), (10m), or (16)
15 or any contractual waiting period applicable under subs. (10), (10m), or (16).

16 (END)