



State of Wisconsin  
2021 - 2022 LEGISLATURE

LRB-1166/P4  
MIM:wlj

DOA:.....Sherwin, BB0097 - Oversight of ICI and LTDI

**FOR 2021-2023 BUDGET -- NOT READY FOR INTRODUCTION**

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

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*Analysis by the Legislative Reference Bureau*

**RETIREMENT AND GROUP INSURANCE**

**DISABILITY PLANS**

***Oversight of group disability benefit insurance plans***

Under current law, the Group Insurance Board (GIB) oversees the group income continuation insurance plan (ICI) and the group long-term disability insurance plan (LTDI). This bill transfers oversight of those plans to the Employee Trust Funds Board (ETFB). The bill provides explicit statutory authority for ETFB to establish the LTDI plan.

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

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

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

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

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

**SECTION 2.** 40.03 (1) (p) of the statutes is amended to read:

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

**SECTION 3.** 40.03 (1) (q) of the statutes is created to read:

40.03 (1) (q) For the purposes of 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:

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

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

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

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

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

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

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

**SECTION 4.** 40.03 (2) (i) of the statutes is amended to read:

40.03 (2) (i) ~~Shall Except as provided under pars. (ig) and (ir), shall promulgate, with the approval of the board, all rules, except rules promulgated under par. (ig) or (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, rules promulgated under this paragraph relating to teachers must be approved by the teachers retirement board and rules promulgated under this paragraph relating to participants other than teachers must be approved by the Wisconsin retirement board, except rules promulgated under s. 40.30 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).~~

\*\*\*\*NOTE: This is reconciled s. 40.03 (2) (i) This SECTION has been affected by drafts with the following LRB numbers: -1166/P3 and -1023/P4.

**SECTION 5.** 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 6.** 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 7.** 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 insurance business in this state for the purpose of providing the group insurance plans ~~provided for by this chapter~~; or

**SECTION 8.** 40.03 (6) (d) (intro.) of the statutes is amended to read:

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

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

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

**SECTION 10.** 40.23 (1) (bm) of the statutes is amended to read:

40.23 **(1)** (bm) If an application by a participant age 55 or over, or by a protective occupation participant age 50 or over, for long-term disability insurance benefits under s. 40.64 is disapproved under rules promulgated by the department, the date

which would have been the effective date for the insurance benefits shall be is the retirement annuity effective date if requested by the applicant within 60 days of the disapproval or, if the disapproval is appealed, within 60 days of the final disposition of the appeal.

**SECTION 11.** 40.61 (2) of the statutes is amended to read:

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

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

40.61 (3) ~~Any~~ An employer under s. 40.02 (28), other than the state, may offer to all of its employees ~~an~~ a group income continuation insurance plan through a

program offered by the ~~group insurance~~ board. Notwithstanding sub. (2) and ss. 40.05 (5) and 40.62, the department may by rule establish different eligibility standards or contribution requirements for ~~such~~ those employees and employers and may by rule limit the categories of employers ~~which~~ that may be included as participating employers under this subchapter.

**SECTION 13.** 40.62 (1) of the statutes is amended to read:

40.62 (1) The ~~group insurance~~ board shall establish an a group income continuation insurance plan providing for full or partial payment of the financial loss of earnings incurred 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. ~~Employees~~ An employee insured under the plan shall be eligible for benefits upon exhaustion of accumulated sick leave and completion of the elimination period established by the ~~group insurance~~ board.

**SECTION 14.** 40.64 of the statutes is created to read:

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

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

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

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

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

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

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

**(END)**