



# DAVID STEFFEN

STATE REPRESENTATIVE • 4<sup>TH</sup> ASSEMBLY DISTRICT

**Prepared Testimony by Rep. David Steffen before the  
Assembly Committee on Urban and Local Affairs  
Assembly Bill 361: Authorizing local government employees to participate in ancillary  
insurance coverage programs offered by the Group Insurance Board to state employees.  
October 15, 2015**

Chairman Brooks and Committee Members,

Thank you for scheduling a public hearing for Assembly Bill 361, which would allow for local government employees to participate in ancillary insurance coverage programs offered by the Group Insurance Board. I cosponsored this legislation with Senator Kapenga and appreciate the opportunity to speak in favor of this commonsense measure, which is supported by the League of Municipalities.

This bill builds upon the reforms included in 2011 Senate Bill 153. The impetus for SB 153 came when the Village of Sturtevant brought forward concerns that by denying local governments an ability to participate in health insurance plans offered by the Group Insurance Board, simply because they do not participate in the Wisconsin Retirement System, they were being denied the budgetary savings associated with purchasing insurance from within a larger pool of participants. Instead, allowing these local governments access to a larger insurance pool creates opportunity to reduce health insurance costs and provides for greater stability in year-to-year budget planning.

AB 361 simply expands upon the reforms of 2011 SB 153 to allow local governments to also purchase ancillary insurance coverage, such as vision and dental, through the Group Insurance Board. Providing this flexibility creates another opportunity to realize cost savings by increasing the purchasing power of local governments.

In promoting responsible stewardship of our state's finances, we should also be working to ensure that state statutes are not serving as a roadblock to local governments who are seeking to reduce costs by finding the best value for their municipal services. AB 361 removes a roadblock to savings by building upon the reforms of 2011 SB 153. AB 361 expands the options available to local governments when purchasing vision or dental insurance coverage in order to ensure they have the opportunity to purchase the most cost-effective plan to fit their needs.

I urge you to support AB 361 and look forward to any questions you may have regarding this legislation.



# CHRIS KAPENGA

WISCONSIN STATE SENATOR

## Testimony on Assembly Bill 361

*Assembly Committee on Urban and Local Affairs*

October 15, 2015

Thank you Chairman Brooks and committee members for holding a hearing today on Assembly Bill 361. Senator Kapenga sends his regards and apologizes for being unable to be here today to testify on the bill. Thank you to Representative Steffen for working with us to advance this legislation.

Assembly Bill 361 allows municipalities to participate in ancillary insurance plans that are offered by the Group Insurance Board. Some examples of ancillary insurance coverage that are currently offered by the Group Insurance Board include dental, vision, long-term care, and accidental death and dismemberment coverage.

It is important to note, that the ancillary coverage offered under this bill to state employees is 100% covered by the employees. However, in many instances, local municipalities provide a cost sharing for ancillary coverage with their employees and that would be allowed to continue under this bill. The bill requires program participants to establish a payroll deduction program to pay for premiums. Therefore under a cost-sharing model the employer and employee would simply split coverage.

Lastly, we were happy to work with the Department of Employee Trust Funds to delay the implementation date of this legislation to coincide with software and programming changes that are already scheduled to happen over the next couple of years. Under this bill, municipal employees will be able to enroll in the Fall of 2017 open enrollment period, with coverage beginning on January 1<sup>st</sup>, 2018.

The idea for this bill was brought to us by a locally elected official of a smaller municipality in our district. If enacted it would serve as a means to find savings of both time and money in their municipal budget. This bill builds on the reforms of 2011 Senate Bill 153, which allowed municipalities who did not participate in WRS to purchase health insurance through the Group Insurance Board. By purchasing health insurance through a larger insurance pool, municipalities have been able to realize significant cost savings. By expanding this same principal to ancillary insurance coverage, municipalities and their employees will realize additional savings of both time and money.

As good stewards of taxpayer dollars, we must continue to find ways to give local governments the tools they need to reduce costs and lower their local tax burden. Assembly Bill 361 is a step in the right direction to accomplishing these goals, and I urge your support. Thank you and I would be happy to answer any questions.