



1997 ASSEMBLY BILL 759

February 3, 1998 - Introduced by Representatives NASS, F. LASEE, GROTHMAN, LADWIG, OWENS, SCHAFER, AINSWORTH, HAHN, URBAN, ALBERS and KREIBICH, cosponsored by Senators FITZGERALD and ZIEN. Referred to Committee on Insurance, Securities and Corporate Policy.

1 **AN ACT to amend** 38.28 (1m) (a) 1., 40.02 (20), 40.51 (6) and 121.07 (6) (a) (intro.);
2 and **to create** 66.4323 of the statutes; **relating to:** health care coverage
3 provided by cities, villages, towns, counties, school districts and technical
4 college districts, statefunding of health care coverage for certain local
5 government employes and coverage under group insurance plans administered
6 by the department of employe trust funds.

Analysis by the Legislative Reference Bureau

Under current law, in general the state shares in those costs of operating a school district and technical college district that are not reimbursed from other sources.

This bill excludes from a school district's and technical college district's aidable costs all expenditures incurred to provide health care coverage to an adult who is not a district employe, the spouse of a district employe or the child of a district employe and prohibits a city, village, town or county from using funds provided by the state to provide health care coverage to such an adult.

The bill also requires every city, village, town, county, school district and technical college district that provides such health care coverage to submit an annual report to the legislature specifying the number of employes who chose such coverage in the previous fiscal year and the additional cost to the local governmental unit of providing such coverage in the previous fiscal year.

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Finally, the bill requires that health care coverage plans offered by the state to state employees may only include a family coverage option for eligible employees desiring to provide coverage of all dependents and a single coverage option for all other eligible employees. Dependents only include the spouse, minor child, including stepchildren of the current marriage dependent on the employee for support and maintenance, or child of any age, including stepchildren of the current marriage, if handicapped to an extent requiring continued dependence.

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.** 38.28 (1m) (a) 1. of the statutes, as affected by 1997 Wisconsin Act
2 27, is amended to read:

3 38.28 **(1m)** (a) 1. "District aidable cost" means the annual cost of operating a
4 technical college district, including debt service charges for district bonds and
5 promissory notes for building programs or capital equipment, but excluding all
6 expenditures relating to auxiliary enterprises and community service programs, all
7 expenditures relating to providing health care coverage to an adult who is not a
8 district employe, the spouse of a district employe or the child of a district employe,
9 all expenditures funded by or reimbursed with federal revenues, all receipts under
10 subs. (6) and (7) and ss. 38.12 (9), 38.14 (3) and (9), 118.15 (2) (a), 118.55 (7r) and
11 146.55 (5), all receipts from grants awarded under ss. 38.04 (8) and (20), 38.14 (11),
12 38.26, 38.27, 38.33 and 38.38, all fees collected under s. 38.24 and driver education
13 and chauffeur training aids.

14 **SECTION 2.** 40.02 (20) of the statutes is amended to read:

15 40.02 **(20)** "Dependent" means the spouse, minor child, including stepchildren
16 of the current marriage dependent on the employe for support and maintenance, or
17 child of any age, including stepchildren of the current marriage, if handicapped to

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1 an extent requiring continued dependence. For group insurance purposes only, the
2 department, before the effective date of this subsection ... [revisor inserts date], may
3 promulgate rules with a different definition of “dependent” than the one otherwise
4 provided in this subsection for each group insurance plan.

5 **SECTION 3.** 40.51 (6) of the statutes is amended to read:

6 40.51 (6) This state shall offer to all of its employees at least 2 insured or
7 uninsured health care coverage plans providing substantially equivalent hospital
8 and medical benefits, including a health maintenance organization or a preferred
9 provider plan, if those health care plans are determined by the group insurance
10 board to be available in the area of the place of employment and are approved by the
11 group insurance board. Any plan offered under this subsection may only provide a
12 family coverage option for eligible employes desiring to provide coverage of all
13 dependents and a single coverage option for all other eligible employes.

14 **SECTION 4.** 66.4323 of the statutes is created to read:

15 **66.4323 Health care benefits. (1)** In this section:

16 (a) “Local governmental unit” means a city, village, town, county, school district
17 or technical college district.

18 (b) “Political subdivision” means a city, village, town or county.

19 **(2)** (a) Within 90 days after the close of each fiscal year, each local governmental
20 unit that in the previous fiscal year provided health care coverage to an adult who
21 was not an employe of the local governmental unit, the spouse of an employe of the
22 local governmental unit or the child of an employe of the local governmental unit
23 shall submit a report to the appropriate standing committees of the legislature under
24 s. 13.172 (3). The report shall specify the number of local governmental unit

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1 employees who chose such coverage in the previous fiscal year and the additional cost
2 to the local governmental unit of providing such coverage.

3 (b) No political subdivision may use funds provided by the state to provide
4 health care coverage to an adult who is not an employe of the political subdivision,
5 the spouse of an employe of the political subdivision or the child of an employe of the
6 political subdivision.

7 **SECTION 5.** 121.07 (6) (a) (intro.) of the statutes is amended to read:

8 121.07 (6) (a) (intro.) “Shared cost” is the sum of the net cost of the general fund
9 and the net cost of the debt service fund, except that “shared cost” excludes any costs,
10 including attorney fees, incurred by a school district as a result of its participation
11 in a lawsuit commenced against the state, beginning with such costs incurred in the
12 fiscal year in which the lawsuit is commenced, and excludes all costs incurred by a
13 school district to provide health care coverage to an adult who is not a school district
14 employe, the spouse of a school district employe or the child of a school district
15 employe. In this paragraph, “net cost of the debt service fund” includes all of the
16 following amounts:

17 **SECTION 6. Initial applicability.**

18 (1) The treatment of sections 38.28 (1m) (a) 1. and 121.07 (6) (a) (intro.) of the
19 statutes first applies to state aid paid in the 1998-99 fiscal year.

20 (END)