



2001 SENATE BILL 125

April 4, 2001 - Introduced by Senators RISSER and SCHULTZ, cosponsored by Representatives MUSSER, BOYLE, HAHN, MILLER, YOUNG and TURNER. Referred to Committee on Universities, Housing, and Government Operations.

1 **AN ACT to repeal** 40.61 (2) and 40.62 (1m); **to amend** 40.61 (1), 40.61 (3), 40.62
2 (1) and 40.62 (2); **to repeal and recreate** 40.05 (5); and **to create** 40.02 (25m)
3 of the statutes; **relating to:** income continuation insurance coverage for state
4 employees.

Analysis by the Legislative Reference Bureau

Under current law, the group insurance board is required to establish an income continuation insurance plan for state employees. One of the key features of the plan is that employees only become eligible for income continuation insurance benefits after exhausting their accumulated sick leave credits. Currently, the premium amount that an employee must pay for income continuation insurance is based on the amount of his or her accumulated sick leave credits, unless the employee's collective bargaining agreement or the state compensation plan provides otherwise.

This bill eliminates the requirement that an employee must exhaust his or her accumulated sick leave credits before becoming eligible for income continuation insurance benefits. In addition, the bill provides that an employee, for income continuation insurance benefits, is only required to pay the gross premium remaining after the employer has paid the premium required to cover a 180-calendar day elimination period with a benefit level, determined by contract or rule, that does not exceed \$4,000 per month or, if different, the amount determined under a collective bargaining agreement or the state compensation plan. Under the bill, an "elimination period" is defined as a selected number of consecutive calendar

SENATE BILL 125

days, determined by the group insurance board by contract or rule, during which an insured employee satisfies all eligibility criteria for income continuation insurance benefits.

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

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

2 40.02 **(25m)** "Elimination period" means a selected number of consecutive
3 calendar days, determined by contract or rule under s. 40.61 (1), during which an
4 insured employee satisfies all eligibility criteria for income continuation insurance
5 benefits.

6 **SECTION 2.** 40.05 (5) of the statutes is repealed and recreated to read:

7 40.05 **(5)** INCOME CONTINUATION INSURANCE PREMIUMS. For income continuation
8 insurance provided under subch. V, an insured employee shall pay the amount of the
9 gross premium remaining after the employer has paid the premium required to cover
10 a 180-calendar day elimination period with a benefit level, determined under s.
11 40.61 (1), that does not exceed \$4,000 per month or, if different, the amount
12 determined under a collective bargaining agreement under subch. I or V of ch. 111
13 or s. 230.12 or 233.10.

14 **SECTION 3.** 40.61 (1) of the statutes is amended to read:

15 40.61 **(1)** The procedures and provisions pertaining to enrollment, ~~premium~~
16 ~~transmitted~~ elimination periods, payment of premiums, evidence of insurability, and
17 coverage of eligible employees for income continuation benefits shall be established
18 by contract or rule except as otherwise specifically provided by this chapter.

19 **SECTION 4.** 40.61 (2) of the statutes is repealed.

20 **SECTION 5.** 40.61 (3) of the statutes is amended to read:

SENATE BILL 125

1 40.61 (3) Any employer under s. 40.02 (28), other than the state, may offer to
2 all of its employees an income continuation insurance plan through a program
3 offered by the group insurance board. Notwithstanding ~~sub. (2) and~~ ss. 40.05 (5) and
4 40.62, the department may by contract or rule establish different eligibility
5 standards or contribution requirements for such employees and employers and may
6 by contract or rule limit the categories of employers which may be included as
7 participating employers under this subchapter.

8 **SECTION 6.** 40.62 (1) of the statutes is amended to read:

9 40.62 (1) The group insurance board shall establish an income continuation
10 insurance plan providing for full or partial payment of the financial loss of earnings
11 incurred as a result of injury or illness with separate provisions for short-term
12 insurance with a benefit duration of no more than one year and long-term insurance
13 covering injury or illness of indefinite duration. Employees insured under the plan
14 shall be eligible for benefits upon ~~exhaustion of accumulated sick leave and~~
15 completion of the selected elimination period established by the group insurance
16 board.

17 **SECTION 7.** 40.62 (1m) of the statutes is repealed.

18 **SECTION 8.** 40.62 (2) of the statutes is amended to read:

19 40.62 (2) ~~Sick leave accumulation~~ If the group insurance board permits an
20 eligible employee to defer enrollment under the income continuation insurance plan
21 and if the board provides that sick leave accumulations may be used for any purpose
22 relating to deferred enrollment, the accrual and crediting of sick leave shall be
23 determined in accordance with contracts or rules of the department, any collective
24 bargaining agreement under subch. I or V of ch. 111, and ss. 13.121 (4), 36.30, 230.35
25 (2), 233.10, 757.02 (5), and 978.12 (3).

SENATE BILL 125

1 **SECTION 9. Effective date.**

2 (1) This act takes effect on January 1, 2003.

3 **(END)**