



2005 SENATE BILL 131

March 23, 2005 - Introduced by Senators DARLING, LEIBHAM, KANAVAS, GROTHMAN, BROWN, A. LASEE and REYNOLDS, cosponsored by Representatives STRACHOTA, JENSEN, GIELOW, JESKEWITZ, VOS, AINSWORTH, MOULTON, WIECKERT, KREIBICH, NISCHKE, HINES, HAHN, BIES, PRIDEMORE, ALBERS and OTT. Referred to Joint Committee on Finance.

1 **AN ACT to renumber and amend** 40.51 (6); **to amend** 40.03 (2) (ig); and **to**
2 **create** 20.921 (1) (a) 6., 40.03 (6) (k) and 40.51 (6) (b) of the statutes; **relating**
3 **to:** the offering of health savings accounts under the state employee health care
4 coverage program.

Analysis by the Legislative Reference Bureau

Currently, state employees receive health care coverage through plans offered by the Group Insurance Board. This bill requires the Group Insurance Board, beginning on January 1, 2006, to offer a health care coverage option to state employees that consists of a high-deductible health plan and the establishment of a health savings account authorized under federal law, specifically section 1201 of Public Law (P.L.) 108-173. Under P.L. 108-173, individuals may establish health savings accounts into which they and their employers can make federal tax-exempt contributions that can be used for the payment of certain qualified medical expenses. Annual contribution limits are established under P.L. 108-173 and are based on the individual's status, eligibility, and health plan coverage. As a condition of establishing a health savings account, an individual must be covered under a high-deductible health plan. The specific requirements of high-deductible health plans are provided in P.L. 108-173, but generally require the payment of a certain minimum deductible and the expenditure of certain out-of-pocket expenses before an individual's medical services are covered under the plan. The bill also requires that the state make contributions into each employee's health savings account that are equal to the difference between the state's share of the annual premium cost of

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the high-deductible health plan and the state's share of the annual premium cost of the lowest tier plan that is available in the county in which the employee resides.

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.** 20.921 (1) (a) 6. of the statutes is created to read:

2 20.921 (1) (a) 6. Payment into a health savings account established for that
3 officer or employee under s. 40.51 (6) (b).

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

5 40.03 (2) (ig) Shall promulgate, with the approval of the group insurance board,
6 all rules required for the administration of the group health, long-term care, income
7 continuation or life insurance plans established under subchs. IV to VI and health
8 savings accounts under subch. IV.

9 **SECTION 3.** 40.03 (6) (k) of the statutes is created to read:

10 40.03 (6) (k) Shall establish health savings accounts under section 1201 of P.L.
11 108-173 for state employees who select a high-deductible health plan under s. 40.51
12 (6) (b) for their health care coverage plan.

13 **SECTION 4.** 40.51 (6) of the statutes is renumbered 40.51 (6) (a) and amended
14 to read:

15 40.51 (6) (a) This state shall offer to all of its employees at least 2 insured or
16 uninsured health care coverage plans providing substantially equivalent hospital
17 and medical benefits, including a health maintenance organization or a preferred
18 provider plan, if those health care plans are determined by the group insurance
19 board to be available in the area of the place of employment and are approved by the
20 group insurance board. The group insurance board shall place each of the plans

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1 offered under this paragraph into one of 3 tiers established in accordance with
2 standards adopted by the group insurance board. The tiers shall be separated
3 according to the employee's share of premium costs.

4 **SECTION 5.** 40.51 (6) (b) of the statutes is created to read:

5 40.51 (6) (b) In addition to the health care coverage plans offered under par.
6 (a), beginning on January 1, 2006, the state shall also offer to all of its employees the
7 option of receiving health care coverage through a high-deductible health plan and
8 the establishment of a health savings account under section 1201 of P.L. 108-173.
9 Under this option, the state shall provide each employee with health care coverage
10 through a high-deductible health plan authorized under section 1201 of P.L.
11 108-173 and, annually, shall make contributions into each employee's health
12 savings account that are equal to the difference between the state's share of the
13 annual premium cost of the high-deductible health plan and the state's share of the
14 annual premium cost of the lowest tier plan that is available in the county in which
15 the employee resides.

16 (END)