



STATE OF WISCONSIN
Department of Employee Trust Funds
Eric O. Stanchfield
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
TTY (608) 267-0676
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: August 23, 2004
TO: Members of the Group Insurance Board
FROM: Robert Weber, DETF Chief Counsel
SUBJECT: Clearinghouse Rule 04-075; Tiered Plans for Local Governments

This is an action item. The Board is asked to approve the attached Final Draft Report on Clearinghouse Rule 04-075 for promulgation.

This rule has been fast-tracked by DETF with the goal of it becoming effective on January 1, 2005. To meet that goal, the Final Draft Report must be submitted to the presiding officers of the Legislature before September 1.

This rule will allow local units of government that participate in the Board's group health program the option of switching to a tiered plan arrangement similar to that used by the State of Wisconsin for its employees. The rule does not require local employers to make any change. Local employers may continue to use the so-called "105% formula."

At present, local units of government must contribute at least 50% and no more than 105% of the lowest cost qualified plan in the employer's service area for full-time employees (25% minimum for part-time employees). This contribution arrangement is loosely based on former Wis. Stat. § 40.05 (4) (ag) 2., which set the state's premium contribution for its employees at the lesser of 90% of the standard plan premium or 105% of the least costly qualifying plan within the county (but not more than the total amount of the premium).

Effective January 1, 2004, s. 40.05 (4) (ag) was repealed and recreated by 2003 Wis. Act 33. State health insurance contributions are now based on tiers established by the Board. The tiers are separated according to the employee's premium costs and the efficiency of the health plan in serving its risk pool, as determined by the department.

DISTRIBUTED AT MEETING		
Board	Date	Item #
GIB	8/24/2004	2