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CORRESPONDENCE MEMORANDUM

DATE: February 4, 2005
TO: Members of the Group Insurance Board
FROM: Robert Weber, DETF Chief Counsel
SUBJECT: Administrative Rule-making Status Report

The DETF Office of Legal Services became responsible for the drafting and promulgation of administrative rules on August 5, 2004. The table below shows all rules for which Legal Services assistance has been requested and illustrates which key steps in the rule-making process have been completed. Once a rule has been reported as going into effect, it will be deleted from future rule-making reports.

Rule	1	2	3	4	5	6	7	8	9	Status notes
3-tier local health insurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	Rule now in effect
Fax & e-mail receipt	✓	✓	✓	✓	✓					Awaiting DC Bd. approval
Valuing Sep Ret Sys investments	✓	✓								Drafting proposed rule
Physician disability certifications	-	-								Project on hold
Purchase of service credits										Drafting proposed rule
Death & late reported termination	✓									Pub. 2/15/2005 Register
Waiver effect on benefit date	✓									Pub. 2/15/2005 Register
"Dependent" definition (health ins)										Drafting scope statement

Reviewed and approved by Pam Henning, Division of Management Services.

 Signature Date

HANDED OUT AT MEETING		
Board	Mtg Date	Item #
GIB	2/15/2005	6

value assets and distribute investments in accord with good industry practices. The scope statement was published May 31, 2004, and was approved in June. The proposed rule is being developed in consultation with Investment Board staff. The proposed rule text and analysis are now being drafted.

Physician disability certifications — ETF ID R#04-004; Clearinghouse Rule number not yet assigned.

This rule is intended to codify and clarify the administrative policies and procedures associated with necessary physician certifications concerning whether an applicant for a disability annuity or long-term disability insurance benefits is disabled. A scope statement was published in December 1999. A proposed rule draft was offered to the Boards in September 2003, but Dept. of Justice counsel was not able to review the draft in time to advise the Board. The proposal was withdrawn for reworking. DETF has now decided to start over again. The project is on hold pending the appointment of a new Director of the Disability Benefit Programs Bureau.

Purchase of service credits — ETF ID R#04-005; Clearinghouse Rule number not yet assigned.

This rule will correct obsolete provisions and cross-references in the existing §§ ETF 20.14, 20.15, 20.16 and 20.18 and provide interpretations and clarifications necessary to the administration of the purchase of creditable service provisions, which were all reorganized into Wis. Stat. § 40.285 by 2003 Wis. Act 33. The service purchase statutes were also revised to take advantage of changes in federal tax laws by the Economic Growth and Tax Relief Reconciliation Act of 2001, especially concerning the transfer of funds between different types of retirement plans in order to buy permissive service credits. The scope statement was published November 30, 2002. The text of the proposed rule and analysis are being drafted.

Death & Late Reported Termination — ETF ID R#04-006; Clearinghouse Rule number not yet assigned.

This rule will codify a new, and more logical, interpretation of Wis. Stat. § 40.71 (1) (b) concerning the death benefit payable upon the death of a non-annuitant. Under the new interpretation, a person whose employment terminates prior to death will be treated as an inactive employee for purposes of calculating the death benefit payable. This will be true even if the employer delays reporting the termination to DETF. The scope statement will be published in the February 15, 2005, *Administrative Register*.

Waiver effect on benefit date — ETF ID R#04-007; Clearinghouse Rule number not yet assigned.

This rule will interpret the effects of a waiver under Wis. Stat. § 40.08 (3) on the effective date of benefits associated with the waiver. The goal will be to allow benefits to be effective as early as possible without adverse effects caused by the inherent delay built into a waiver. A waiver cannot become effective earlier

than the first day of the second month after receipt at DETF. Some benefits, such as sick leave conversion and retiree health insurance, may be dependent on having an annuity effective within 30 days of termination. The scope statement will be published in the February 15, 2005, *Administrative Register*. A copy of the scope statement is attached for your reference.

Dependent definition for health insurance — ETF ID#05-001; Clearinghouse Rule number not yet assigned.

This rule will update the definition of “dependent” for health insurance purposes to better conform the rule to the language used in the contract and eliminate references to the “former spouse” which have caused confusion. This is a new project. The scope statement is being drafted.

This report is for your information and requires no action. A number of these rules affect the Group Insurance Board. The three-tier local health insurance rule is now in effect and no further Board action is necessary.

The new fax and e-mail rule, Clearinghouse Rule #04-102 (also ETF ID R04-002) is meant to affect correspondence and filings for all benefit programs, including those of the Group Insurance Board. This rule is now in final draft form and is being presented to the Board for its review. There is a separate action-item memorandum along with a copy of the final draft report on the rule.

Parts of the proposed rule on waivers may have at least an indirect effect upon the group life insurance program, since beneficiaries are determined by the Department in accord with its interpretations of Wis. Stat. § 40.02 (8). A copy of the scope statement on that rulemaking is attached for your reference.

Two other proposals are of interest to the Group Insurance Board. They are the proposals being developed (1) to revise the definition of “dependent” for health insurance purposes and (2) concerning physician certifications of disability, including under the Board’s long-term disability insurance program. The next step in both projects is to prepare scope statements, which will then be shared with the Board.

Attachments:

- Scope Statement (ETF ID R04-007)