



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
David A. Stella  
SECRETARY

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

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

**CORRESPONDENCE MEMORANDUM**


**DATE:** June 1, 2011  
**TO:** Group Insurance Board  
**FROM:** Shawn Smith, Director  
Office of Communications and Legislation  
  
Jon Kranz, Director  
Office of Budget and Trust Finance  
**SUBJECT:** Legislative/Budget Report

**This memo is for informational purposes only. No Board action is necessary.**

In the 2011-2012 legislative session and 2011 special session, various bills were introduced, and various acts were signed into law – all of which that could have an effect on programs under the purview of the Group Insurance Board (GIB).

**Act 10<sup>1</sup>**

- Limits local employers to contributing no more than 88% of the average premium cost of plans in the lowest-cost tier for all eligible employees, except those who are part-time and graduate assistants or who are local police, firefighters, state troopers or state inspectors covered under a collective bargaining agreement.
  - Part-time employees and graduate assistant employer contributions will be determined annually by the Office of State Employment Relations (OSER).
- Modifies the state employee monthly contribution rates for health insurance to increase the employee rate. No changes to current 50% cost sharing structure for part-time employees
- Requires the GIB to design health care coverage plans for the 2012 calendar year that reduces the average premium cost of plans offered in the lowest tier by at least 5%.

Reviewed and approved by Robert Conlin, Deputy Secretary.  
  
Signature \_\_\_\_\_ Date 6/3/11

Board	Mtg Date	Item #
GIB	6.7.11	10B

- Allows the GIB to require health risk assessments for state employees and participation in wellness or disease management programs.
- Allows the GIB to enter into agreements to modify or expand group coverage in a manner that materially affects the level of premiums required to be paid or the level of benefits provided under group insurance coverage.

### **Act 13**

- Requires the Secretary of the Department of Employee Trust Funds (ETF) to allocate from reserve accounts established for group health and pharmacy benefits an amount equal to \$28 million to reduce employer costs for providing group health insurance for state employees for the period from July 1, 2011, to December 31, 2011.

### **AB 40/SB 27: Biennial Budget<sup>ii</sup>**

The Joint Finance Committee took action on the ETF budgetary items on May 24, 2011. The following health-related items were passed as a part of an Omnibus Motion.

- Provide one-time funding of \$700,000 SEG to fund an audit of dependent eligibility under benefit programs. These funds will be placed in the Joint Committee on Finance's reserve for release under passive review upon submission of the results of the pilot audit done during the current fiscal year and a detailed expenditure plan.
- Require OSER and ETF to study the following by October 31, 2011:
  - Offering to state and local employees (beginning January 1, 2013) the option of a low-cost or high-deductible coverage plan coupled with a health savings account,
  - Implementing a three-level premium cost structure that would establish separate levels for single individuals, married couples with no dependents and families with dependents,
  - Implementing a program, beginning January 1, 2012, to provide an online marketplace for the purchase of prescription drugs as a supplement to the current pharmacy benefit program,
  - Requiring state employees to receive health care coverage through a health benefit exchange,
  - Creating a health care insurance purchasing pool for all state and local employees and individuals enrolled in Medical Assistance,
  - Allow ETF to study the provision of midwifery services offered under GIB administered health plans.
- Modifications were also made to increase the hours of work required for new employees to join the WRS.

- In a separate motion, the committee also modified the definition of adult dependents and incorporates into state law the federal definition of an adult dependent to those under the age of 26 to make it consistent with the Patient Protection and Affordable Care Act. Current state defines the adult dependents as those under the age of 27.

### **Other Legislation**

Several other bills have also been introduced this session. Among them:

- Assembly Bill 127 proposes changes to the collective bargaining rights of public safety employees under the Municipal Employment Relations Act (MERA) so that an employer is not required to bargain over the selection of health care coverage plans, including the option for an employer to offer a health savings account. The bill also prohibits bargaining over the employer share of premium costs as long as the employer share is at least 75% (or 90% if the plan is a health savings account).
- AJR 28/SJR 21 is a proposed constitutional amendment that affirms, "the right of the people to contract privately for health care services and health care coverage, and prohibiting requiring a person to obtain or maintain health insurance coverage or to participate in any health care system or plan."
- AB 27/SB 18 requires political subdivisions to pay health insurance premiums for survivors of a law enforcement officer who dies, or has died, in the line of duty.

We will attend the June 7, 2011, meeting to answer any questions you may have.

---

<sup>1</sup> Act 10 is currently under a court injunction prohibiting its implementation. It is expected that the State Supreme Court will decide whether or not to lift the injunction in June.

<sup>2</sup> As of the date of this memo, no drafted statutory language is available for review of these provisions. Therefore, the analysis is limited at this time.