

SICK LEAVE CREDIT CONVERSION PROGRAM



ET-4132 (4/28/2023)



Table of Contents

General Information.....	2
Calculating Accumulated Sick Leave Conversion Credits (ASLCC)	3
Calculating Supplemental Health Insurance Conversion Credits (SHICC)	4
Eligibility to Use Sick Leave Credits to Pay Health Insurance Premiums.....	6
Escrowing Sick Leave Credits.....	8
Re-enrolling in Health Insurance	10
Rehired Annuitants	11
State Employees Married to Another State Employee	12
Spouse and/or Dependent Eligibility After Your Death	14
Annual Statement.....	15
Glossary	15
Appendix A: Comparable Coverage Comparison Worksheet.....	16

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General Information

This brochure provides detailed information about:

- How your sick leave credit balance is calculated.
- When you are eligible to use your sick leave credits to pay post-termination State of Wisconsin Group Health Insurance Program premiums.
- Options and requirements if you wish to delay using your accumulated sick leave credits.
- When your surviving spouse and/or dependents can use any remaining unused sick leave credits to pay health insurance premiums after your death.

What is Sick Leave?

Sick leave is an important fringe benefit available to State of Wisconsin employees. Most employees earn and, depending on usage, accumulate hours of unused sick leave while they are employed with the state. If eligible, upon retirement (regular or disability) or layoff, you can use your unused sick leave credits to pay state group health insurance premiums for you, your spouse, and/or dependents. If you die and you still have unused sick leave credits, your spouse and/or dependents may be eligible to use them.

Once your sick leave credits are exhausted, you are responsible for the full amount of the premiums. If you leave state service before retirement and don't qualify for sick leave preservation, your sick leave credits may be forfeited.

There are two sick leave credit programs for State of Wisconsin employees:

- The Accumulated Sick Leave Conversion Credit (ASLCC) Program.
- The Supplemental Health Insurance Conversion Credit (SHICC) Program.

If you are eligible, your employer reports your ASLCC and SHICC sick leave credits to the Department of Employee Trust Funds. ETF deducts your health insurance premiums from your sick leave credit balance and pays the premiums to your health insurance plan.

Your unused sick leave credits cannot be “cashed out” when you leave state employment, nor can they be used to pay premiums for Medicare Part A

or B or for any health insurance plans other than the State of Wisconsin Group Health Insurance Program. Once eligible for Medicare, sick leave credits will continue to pay premiums for your coverage through the State of Wisconsin Group Health Insurance Program, and your coverage will be coordinated with Medicare.

What Happens at Retirement?

The most common situation occurs when a state employee who is insured under the state's group health insurance begins receiving a retirement (or disability retirement) benefit immediately after retiring from the job. Your employer will notify ETF of your unused sick leave credits, and ETF will automatically continue your State of Wisconsin Group Health Insurance. In this situation, you do not need to take any action, unless you wish to make changes to your coverage. If you choose to cancel your group health insurance coverage, you must maintain your comparable coverage or you will lose your right to use your sick leave credits.

Order of Payment

Health insurance after retirement for state annuitants is paid for in the following order. This order is required by state law, so ETF cannot make changes to it.

1. Your health insurance premiums are automatically deducted from sick leave credits. You will receive a yearly statement showing your current credit balance. A few months before those credits are exhausted, you will receive a letter discussing the continuation options for your insurance after your credits run out.
2. If the amount of your monthly annuity is greater than your health insurance premium, the premiums will be automatically deducted from your annuity once your sick leave credits are exhausted.
3. If your WRS annuity is too small to cover your premiums, you will be billed by your health insurance carrier and must pay the premiums directly to your health insurance carrier.

General Information, continued

If you do not wish to continue your coverage after your sick leave credits have been exhausted, you may cancel your health insurance coverage by notifying ETF in writing. Your health insurance coverage will end on the date you indicate on your request, or the first of the month after ETF receives your written request to cancel, whichever is later.

Retroactive cancellations are only allowed within 60 days of retirement.

Most state employees choose to retire, begin a retirement benefit immediately, and continue the health insurance coverage. However, not every state employee terminates under these circumstances.

Calculating Accumulated Sick Leave Conversion Credits

When you terminate eligible state employment, your payroll office calculates your ASLCC credits based on your unused sick leave hours and your hourly rate of pay and certifies this information to ETF. This can take several weeks based on payroll process timeframes. **Please direct any questions regarding this calculation or timing to your payroll office.**

To calculate your ASLCC balance, your hours of unused sick leave are multiplied by your highest base hourly rate of pay with the state.

Exception: Certain supplemental pay for teachers, teacher supervisors, and education directors is added to the base rate of pay used to calculate the ASLCC balance. Note that the inclusion of this supplemental pay as part of the highest base pay rate does **not** apply if you terminate employment with 20 years of WRS creditable service and are not eligible for an immediate annuity. Contact your employer's payroll office with any questions about this provision.

Once the final amount has been calculated (including any corrections reported by your employer, retroactive adjustments due to contract settlements, etc.), your ASLCC balance does not accrue any interest. Your ASLCC balance cannot be divided by a Qualified Domestic Relations Order (QDRO). The only changes to your ASLCC balance occur when health insurance premiums are deducted.

If you are simultaneously employed with two or more separate state employers and have unused sick leave from each position, each of your employers must report your hours of unused sick leave to ETF. The hours from all positions are converted based on your single highest rate of pay.

Prior to July 26, 2003, ASLCC account balances were calculated based on the basic hourly rate of pay at termination, rather than the highest rate of pay. If you terminated state employment prior to July 26, 2003, your ASLCC must be calculated based on the base rate of pay at termination.

If you are transferring between a state agency and an authority, discuss your sick leave with your employer before transferring. Sick leave does not always transfer between a state agency and an authority. See the glossary for more about authority.

Note: Former employees of Milwaukee County Enrollment Services and Milwaukee Early Care Administration whose county positions were converted into state positions are not eligible to convert sick leave credits based on the sick leave that they earned while employees of Milwaukee County toward payment of post-termination health insurance premiums.

Calculating Supplemental Health Insurance Conversion Credits

If you have at least 15 full years of adjusted continuous service¹ with the state when you terminate state employment, you may also be eligible for SHICC. SHICC benefits are additional hours of sick leave that increase your sick leave account balance.

Like your ASLCC balance, your SHICC balance does not accrue interest, has no cash value and cannot be divided by a QDRO. Premiums must first be deducted from your ASLCC balance, since SHICC credits can only be used after your ASLCC balance is exhausted.

SHICC benefits are authorized and defined in the state compensation plan for most employees and in the collective bargaining agreement for represented public safety employees. To date, the SHICC benefits have been the same for all employees. The only difference in SHICC benefits for different employee groups is that protective retirement category employees are eligible to receive more hours than non-protective employees.

Your employer's payroll office is responsible for determining whether you are eligible for SHICC and, if you qualify, for calculating the number of SHICC hours for which you are eligible.

Your SHICC hours are calculated based on your years of adjusted continuous state service and your hours of unused sick leave at termination. With the exception of the special 500-hour restoration provision discussed on the next page, SHICC hours cannot exceed the actual number of unused sick leave hours (ASLCC) remaining at the time of your retirement, layoff, or death. Your employer's payroll office calculates and reports your SHICC hours to ETF along with your ASLCC hours. **Please direct any questions regarding your SHICC hours to your payroll office.**

SHICC hours are calculated differently for protective employment category employees than for other employment categories.

1. Non-Protective Employment Categories

For your first 24 full years of adjusted continuous service, you can receive matching hours of sick leave up to a maximum of 52 hours per year, multiplied by your full years of adjusted continuous service.

For your full years of continuous service over 24 years, you can receive matching hours of sick leave up to a maximum of 104 hours per year, multiplied by your full years of continuous service over 24 years.

Example:

A state employee has 28 full years of continuous service with the state and retires with 2,150 hours of unused sick leave (ASLCC).

In addition to the 2,150 ASLCC hours, this person would also be eligible for 1,664 hours of SHICC. If the highest base rate of pay with the state was \$22.50 per hour, they would have sick leave credits of \$85,815.00 available to pay post-retirement state group health insurance premiums.

Note: Certain UW academic staff and faculty hired under an academic year contract have special provisions related to the calculation of a full year of adjusted continuous service. Please contact your UW payroll office for more information on this calculation.

$$\begin{array}{r} 24 \text{ years} \times 52 = 1,248 \text{ hours} \\ 4 \text{ years} \times 104 = + 416 \text{ hours} \\ \hline 1,664 \text{ maximum possible} \\ \text{number of SHICC hours} \\ + 2,150 \text{ ASLCC hours} \\ \hline 3,814 \text{ total hours converted to} \\ \text{sick leave credits} \\ \times \$22.50 \text{ per hour} \\ \hline \mathbf{\$85,815.00 \text{ available to pay health}} \\ \mathbf{\text{insurance premiums}} \end{array}$$

¹Your "years of continuous service" are calculated based on the date you began employment with the state and exclude any breaks in state employment. Only full calendar years of continuous service are included, no partial years. "Years of continuous service" are based on personnel rules and are completely separate from your years of creditable service under WRS (both state and local). Your years of state continuous service can either be greater or fewer than your years of WRS creditable service. Contact your payroll office for information about your years of continuous service.

Calculating Supplemental Health Insurance Conversion Credits, continued

2. Protective Employment Categories

For your first 24 full years of adjusted continuous service, you can receive matching hours of sick leave up to a maximum of 78 hours per year, multiplied by your full years of adjusted continuous service.

For your full years of continuous service over 24 years, you can receive matching hours of sick leave up to a maximum of 104 hours per year, multiplied by your full years of continuous service over 24.

Example:

A protective occupation retirement category state employee with 28 full years of continuous state service (all protective) retires with 2,150 hours of unused sick leave (ASLCC).

In addition to the 2,150 ASLCC hours, this individual would also be eligible for 2,150 hours of SHICC. If the highest base rate of pay with the state was \$22.50 per hour, they would have sick leave credits of \$96,750.00 available to pay post-retirement state group health insurance premiums.

24 years x 78 = 1,872 hours

4 years x 104 = + 416 hours

**2,288 maximum number
hours of SHICC**

This person's maximum number of SHICC hours is 2,288. However, since SHICC hours *match* the actual hours of unused sick leave up to a maximum number, the SHICC hours cannot *exceed* the employee's actual hours of unused sick leave.

Exception: Your SHICC hours could exceed your actual hours of sick leave if you qualify for the special SHICC sick leave restoration described in number 3 in the next column.

Since this person has fewer than 2,288 actual hours of unused sick leave, the SHICC hours are limited to the **matching** 2,150 hours.

2,150 ASLCC hours
+ 2,150 matching SHICC hours
4,300 total hours converted
to sick leave credits
x \$22.50 per hour

**\$96,750.00 available to pay health
insurance premiums**

Note: If you have both protective and non-protective state service, the maximum SHICC hours for which you are eligible is prorated, based on your full years of protective versus non-protective service.

3. Special SHICC Sick Leave Restoration

If it has been necessary for you to use 500 hours or more of accrued sick leave for the same single personal injury or illness in the three years immediately preceding your retirement or layoff from state service or death while in state service, 500 hours of SHICC credits will be restored to your sick leave account. You (or your surviving spouse and/or dependents if you die while still employed) may be required to provide medical documentation of your illness or injury to your employer. Discuss this restoration with your employer if you think you qualify.

Eligibility to Use Sick Leave Credits to Pay Health Insurance Premiums

To be eligible to use sick leave credits, you (or your insured surviving spouse and/or dependents) must meet the applicable eligibility requirements.

In most cases you *must* be covered under the State of Wisconsin Group Health Insurance Program when you terminate state employment to be eligible to use your sick leave credits to pay post-termination health insurance premiums. However, there are some exceptions to this requirement.

Note: You are considered “covered” under the State of Wisconsin Group Health Insurance Program if you are either the subscriber or are a dependent covered under your spouse’s family state group health insurance plan. Either type of coverage qualifies you as being “covered” under the State of Wisconsin Group Health Insurance Program for sick leave credit eligibility purposes.

You are eligible to use your sick leave credits to pay state group health insurance premiums if you meet any one of these criteria:

Retiring with Immediate Annuity

You are covered under the State of Wisconsin Group Health Insurance Program when you terminate state employment and retire on an “immediate annuity.” (See the glossary for definition.) Your annuity or lump-sum retirement payment must be effective within 30 days of your termination from state employment.

You must be at least minimum retirement age (age 55, or age 50 for protective category employees) and meet vesting requirements to receive a retirement benefit. A separation benefit is not a retirement benefit, and therefore does not qualify you to use sick leave credits to pay for health insurance premiums.

Disability

You qualify for a WRS disability retirement benefit, long-term disability insurance benefit, or a protective occupation duty disability benefit under Wis. Stat. § 40.65 and were covered under the State of Wisconsin Group Health Insurance Program on your last day in pay status. If coverage lapses before your benefit is approved, you will

have a one-time, 30-day period (which starts from the date of the letter you receive) in which you can re-enroll for coverage and subsequently use your sick leave credits to pay premiums (see the “Escrowing Sick Leave Credits” section).

20 Years of Service and Over Minimum Retirement Age

You have 20 years of WRS creditable service, are covered under the State Group Health Insurance Program at termination, and are eligible for an immediate retirement benefit, but you choose not to apply for your retirement or disability benefit immediately.

In this situation, you can continue your health insurance coverage after termination and use your sick leave credits to pay the premiums, regardless of whether you have applied for your retirement benefits. To be eligible under this provision you must either:

- Continue your State of Wisconsin Group Health Insurance Program coverage and pay premiums from your sick leave credits, *or*
- If you have other health insurance coverage that is comparable to the It’s Your Choice Access Health Plan coverage, and you want to bank/save your sick leave credits to use at a later date, you can elect to escrow your sick leave credits (see the “Escrowing Sick Leave Credits” section).

20 Years of Service and Under Minimum Retirement Age

If you terminate with 20 years of “WRS creditable service” (see glossary) but are not eligible for an immediate annuity, your sick leave credits will be preserved to pay premiums when you later become a WRS annuitant. If you withdraw your WRS account and take a separation benefit, you will lose your eligibility to use your sick leave credits.

Note: You do *not* need to be covered under the State of Wisconsin Group Health Insurance Program when you terminate state employment to qualify under this provision. However, if you last terminated state employment before July 26, 2003, this provision does not apply to you.

Eligibility to Use Sick Leave Credits to Pay Health Insurance Premiums, *continued*

When you apply for your retirement benefit, you **must** either:

1. Enroll in the State of Wisconsin Group Health Insurance Program.
or
2. File an escrow application (see the “Escrowing Sick Leave Credits” section) with ETF within 60 days of notification from ETF. People escrow their sick leave credits if they have comparable coverage elsewhere.

If you do not enroll in state group coverage **or** escrow your sick leave credits, you will lose your eligibility to use your sick leave credits.

If you are covered under the State of Wisconsin Group Health Insurance Program on your termination date, you have the option of continuing your coverage at termination. However, you are responsible for paying the premiums directly to the health plan out-of-pocket until you apply for your retirement benefit. You **cannot** use your sick leave credits to pay your premiums until becoming a WRS annuitant.

Note: If you are covered under a health insurance plan through a local employer (Wisconsin Public Employer) or an outside plan, you must be enrolled in the State of Wisconsin Group Health Insurance Program when you retire. You can enroll during a special enrollment period before you retire. You must select the Access plan (non-HDHP) for this month of coverage due to your special enrollment. You will have dual coverage under both plans for a month, which is allowed for this situation.

Public Official

Your sick leave credits will be preserved when you terminate WRS employment if you are not eligible for an immediate annuity due to being under minimum retirement age and are one of the following:

- A state constitutional officer (governor, lieutenant governor, attorney general, secretary of state, state treasurer, or secretary of public instruction),
- A member or an officer of the legislature, or
- The head of a state department or agency who was appointed by the governor with senate confirmation.

Preserved sick leave credits can be used to pay your health insurance premiums once you become a WRS annuitant.

If you withdraw your WRS account by taking a separation benefit, you will lose your eligibility to use your sick leave credits.

Note: You do **not** need to be covered under the State of Wisconsin Group Health Insurance Program when you terminate state employment to qualify under this provision.

If you are covered under the State of Wisconsin Group Health Insurance Program when your state employment terminates, and you are not eligible for an immediate retirement annuity, you will receive information from your employer about your eligibility to continue your health insurance coverage for up to 18 to 36 months through COBRA.

However, you would not be eligible to use your sick leave credits to pay the premiums for that continuation coverage. You are only eligible for lifetime health insurance continuation rights and to use your sick leave credits to pay premiums when you become a WRS annuitant.

Permanent Layoff

If you are a state employee who is permanently laid off and are covered under the State of Wisconsin Group Health Insurance Program on your last day in pay status, you can use your sick leave to pay your health insurance premiums:

- for up to five years after your layoff begins
or
- until you are re-employed by the state
or
- until you have employment that offers comparable health insurance coverage

whichever occurs first.

In this situation, your employer deducts the premiums from the dollar value of your sick leave hours and reduces your hours of accumulated sick leave accordingly. Your employer is then responsible for paying the premiums directly to the carrier.

Escrowing Sick Leave Credits

Although you are eligible to use your sick leave credits to pay state group health insurance premiums after retirement, you may instead have comparable health insurance coverage through another source. Such coverage could be through:

- Other post-termination employment.
- Your spouse's non-state health insurance plan.
- Some other source.

In this case, you may wish to save your sick leave credits for use at a later date by escrowing your sick leave credits.

Note: No interest is credited to your unused sick leave balance. Since your sick leave balance does not increase with interest, but the cost of health insurance premiums normally increases each year, the purchasing power of your unused sick leave credits may diminish while your sick leave credits are held in escrow.

You can only escrow your sick leave credits under this provision if you have health insurance coverage through another source that is comparable to the It's Your Choice Access Health Plan or It's Your Choice Medicare Plus plan coverage.

To be eligible to escrow your sick leave credits, you are required to submit a schedule of benefits, including pharmacy benefits, along with your application. If the non-state plan is not comparable, you will not be eligible to escrow your sick leave credits.

Comparable coverage is health insurance with benefits that are substantially equivalent to the State of Wisconsin's Access Health or Medicare Plus plan. See Appendix A for a breakdown of benefits in the Access Plan. To determine if your coverage is comparable, ETF uses criteria including but not limited to the following:

- Pharmacy benefits: Policies without pharmacy benefits would not be considered comparable. For example, a Medicare supplement plan without Part D Prescription Drug coverage may not be considered comparable.
- Level of deductibles, copayments and coinsurance: While these need not be identical to the Access Health Plan, they should be

comparable. For example, a catastrophic policy with high deductibles (e.g. \$1,000 or more) might not be comparable.

- Comprehensive coverage: Policies that are limited to certain diseases, such as cancer, are not comparable. The same is true of policies with low maximum benefit levels, whether lifetime or per illness.
- Entitlement programs such as Medicaid, Medicare, and similar programs are not considered "insurance," and therefore are not considered to be comparable health insurance coverage. However, health insurance programs for which veterans are eligible, such as Tri-Care or CHAMPUS, are considered comparable coverage.

For a Medicare supplemental plan to be considered comparable, it must be equivalent to the Medicare Plus plan and would have to supplement Medicare Parts A, B, and D. Members must have Medicare Part D supplemental wrap coverage — this is comparable to the wrap coverage offered by the Medicare Plus plan. Medicare Part D supplemental wrap coverage is a secondary benefit that pays when Medicare Part D coverage does not during the Medicare Part D Deductible Phase or Coverage Gap Phase. Many Medicare supplemental plans do not meet this level of coverage.

Note: An employer group health insurance plan may be comparable non-state coverage, if the plan is substantially equivalent to the Access Plan. An Affordable Care Act Marketplace plan may only be comparable if the plan is a Platinum or Gold plan.

To find out if your non-state coverage is comparable, please submit the [Sick Leave Credit Escrow Application \(ET-4305\)](#) along with the Summary of Benefits and information about pharmacy coverage of your new or prospective plan to ETF for review.

Your comparable health insurance coverage **must be in force at the time** you escrow your sick leave credits. There can be no break in health insurance coverage. Also, your comparable coverage **must remain continuously in force** until you are again re-enrolled in the State of Wisconsin Group Health Insurance Program.

If you change health plans while your sick leave

Escrowing Sick Leave Credits, continued

is escrowed, you must submit a new application and schedule of benefits to show that you have comparable coverage continuously in force. A break in continuous comparable coverage will result in the forfeiture of your sick leave credits.

To escrow your sick leave credits, you must file a *Sick Leave Credit Escrow Application (ET-4305)* with ETF. *Your sick leave credits are not escrowed automatically; you must file an escrow application with ETF.* The escrow application is available online at etf.wi.gov or by contacting ETF. Your sick leave credits will be escrowed when your active employee coverage ends or at the beginning of the month after ETF receives your signed escrow form, whichever is later.

If you pass away while covered under state group health insurance as an active or retired state employee with sick leave credits, your survivors can immediately escrow your sick leave by submitting the

Sick Leave Credit Escrow Application (ET-4305) within 90 days after the date of death, or within 30 days of notifying ETF, whichever is later.

The escrowing of sick leave credits will be effective as follows:

- For state employees in the process of retiring: On the first of the month following the last month, your employer-paid coverage ended or the first of the month following the receipt of the escrow application by ETF if retiree coverage is already in effect.
- For survivors of deceased active and retired state employees at the time of the employee's death: On the first of the month following the date of death.
- For retired state employees and survivors of deceased active and retired state employees with state coverage: On the first of the month following the date the escrow application is received by ETF.

Re-Enrolling in Health Insurance

After you have elected to escrow your sick leave credits, you can apply to re-enroll in the State of Wisconsin Group Health Insurance Program at one of two times:

1. You can apply to re-enroll in the State of Wisconsin Group Health Insurance Program during the annual open enrollment period, which occurs each fall. You can elect that your state group coverage begins on the first day of any month during the following year.
2. If you involuntarily lose your comparable coverage as a result of a loss of employment, divorce or because your employer's contribution toward your premium ends, you can re-enroll in the State of Wisconsin Group Health Insurance Program by applying no later than 30 days after the date on which your comparable coverage ends.

(If your surviving spouse and/or dependents have escrowed your sick leave credits after your death, your survivor(s) can re-enroll by applying no later than 30 days after the date on which their comparable coverage ends.)

ETF will require documentation that verifies:

1. The involuntary loss of comparable coverage and/or
2. A Summary of Benefits for the coverage you have in place at the time you are requesting to re-enroll in the State of Wisconsin Group Health Insurance Program.

You must maintain comparable coverage the entire time your sick leave credits are escrowed. If you do not maintain comparable coverage, you will forfeit or lose your sick leave credits. If this occurs, you would not be eligible to re-enroll mid-year due to a loss of coverage.

You can still participate in the State of Wisconsin Group Health Insurance Program but can only enroll during the open enrollment period. Any payments for health insurance coverage would either be deducted from your monthly annuity payment, or if the annuity is not large enough to deduct the entire premium, paid directly to the health plan by you.

Rehired Annuitants

If you retire from the state and later return to state employment **in a position that qualifies for WRS coverage**, you may be able to earn additional ASLCC and SHICC credits.

Only sick leave earned while a WRS-participating employee is eligible for conversion upon re-retirement. Hours earned as a non-participating employee are not convertible on re-retirement because no employer contributions have been paid on sick leave earned in non-participating status.

However, whether you can earn additional sick leave credits depends on whether you elect to become covered under the WRS.

For more information, see [Information for Rehired Annuitants \(ET-4105\)](#).

To qualify for additional sick leave credits when you terminate from participating employment as a rehired annuitant, you must be covered under the State of Wisconsin Group Health Insurance Program as an active employee with at least one premium deduction from your paycheck.

Contact your payroll office for information about enrollment in the State of Wisconsin Group Health Insurance Program and the premium deductions.

Your new hours of unused sick leave that you earned during participating employment (and any SHICC hours, if applicable) are multiplied by your highest base rate of pay with the state from your new participating employment, and the totals are added respectively to any remaining ASLCC and SHICC balances that were placed on hold when you again became covered under the WRS. The combined total of your old and new ASLCC and SHICC balances would then be available to pay group health insurance premiums after you terminate. When you terminate, you must meet one of the eligibility criteria outlined in the “Eligibility to Use Sick Leave Credits to Pay Health Insurance Premiums” section to be eligible for any additional sick leave credits to be certified by your employer and available for you to use to pay post-termination health premiums.

Under 2013 Wisconsin Act 20, if a WRS or disability annuitant who terminated all WRS employment on or after July 2, 2013, is appointed to a position with a WRS-participating employer in which they are expected to work at least two-thirds of full-time employment, the annuity must be suspended and no annuity payment is payable until after the participant again terminates covered employment. In this instance, the ASLCC and SHICC balances would be handled as described in the first bullet point on page 9.

State Employees Married to Another State Employee

Frequently, a state employee is married to another state employee. Both have accumulated sick leave, and one spouse maintains family coverage in the State of Wisconsin Group Health Insurance Program that covers both parties. In this situation, as long as family state group coverage remains in force, no escrow application is necessary to bank/save either spouse's sick leave credits for future use toward post-termination health premiums.

Example 1:

Spouse 1 terminates state employment while Spouse 2 remains employed by the state and carries the family group health insurance coverage. If Spouse 1 is otherwise eligible to use sick leave credits to pay post-termination premiums, their sick leave credits are automatically placed on hold for future use with no escrow application required.

Example 2:

Spouse 1 carries the family group health insurance coverage and terminates state employment while Spouse 2 remains employed by the state. Spouse 1 should submit a *Health Insurance Application/Change (ET-2301)* form to their employer at retirement to cancel their coverage. Spouse 2 should submit an ET-2301 to their employer to enroll in coverage. If Spouse 1 is otherwise eligible to use sick leave credits to pay post-termination premiums, their sick leave credits are automatically placed on hold for future use with no escrow application required.

Note: If the spouse who carries the family group health insurance works for a local employer who participates in the Wisconsin Public Employer (WPE) health insurance program, the spouse retiring from a state employer will need to enroll in health insurance through the State Group Health Insurance Program prior to retirement to qualify for sick leave. There is a special enrollment opportunity available to enroll in coverage. After retirement, you will need to submit an escrow application in this situation.

In these situations, when you terminate state employment, you do not need to take any action to preserve either your sick leave credits or your spouse's credits as long as family coverage remains in force. The only time an escrow application would be necessary is if you or your spouse cancel your state group coverage because you become covered under comparable health insurance coverage (see "Escrowing Sick Leave Credits" section). In this situation, both you and your spouse must file escrow applications with ETF to escrow your respective sick leave credits during the period in which you have the comparable coverage.

Note: In some cases, each spouse may choose to carry single coverage, rather than one spouse carrying family coverage. If one spouse then dies with unused sick leave credits while single coverage is in force, the deceased spouse's sick leave credits are lost.

The surviving spouse and/or dependents can only use the deceased spouse's sick leave credits if family coverage was in force on the deceased spouse's date of death. This is true both while you are actively employed with the state as well as after you retire. See the "Spouse and/or Dependent Eligibility After Your Death" section for more information.

Spouse and/or Dependent Eligibility After Your Death

After your death, your surviving insured spouse and/or dependents may be eligible to use your sick leave credits to pay State of Wisconsin Group Health Insurance premiums. They can qualify under any one of the following conditions:

Currently Enrolled

If you are covered by the State of Wisconsin Group Health Insurance Program under a family policy on your date of death *and* you are *either* employed by the state on the date of death *or* you are receiving a retirement or disability benefit, your *insured* spouse and/or dependents can use your unused sick leave credits to pay premiums after your death.

Preserved

If you have preserved sick leave credits as described in the “Eligibility to Use Sick Leave Credits to Pay Health Insurance Premiums” section, *and* you die before becoming a WRS annuitant, your surviving spouse and/or dependents can use your sick leave credits if they were ever covered under your state group health coverage in the past.

Escrowed

If you die while your sick leave credits are escrowed (see “Escrowing Sick Leave Credits” section), your surviving spouse and/or dependents may be eligible to use your escrowed sick leave credits to pay state group health insurance premiums when they return to the State of Wisconsin Group Health Insurance Program. It doesn't matter whether you had single or family coverage in force when you escrowed your credits, but your spouse and/or dependents must have been covered under your contract at some point in the past.

To be eligible, you and your surviving spouse and/or any dependents must have had comparable coverage in force during the entire period that your sick leave credits were escrowed, until the date of your death.

After your death, your surviving spouse and/or dependents must all have continued to be insured under a comparable policy(ies) until rejoining the State of Wisconsin Group Health Insurance Program. They have the right to rejoin the State of Wisconsin Group Health Insurance Program and use your escrowed

sick leave credits to pay the health insurance premiums regardless of whether you had single or family coverage in force when your sick leave was escrowed and your state group coverage ended.

If your surviving spouse and/or dependents do not wish to enroll in the State of Wisconsin Group Health Insurance Program immediately upon your death because they still have comparable non-state coverage elsewhere, they too can elect to escrow your sick leave credits. *These sick leave credits are not escrowed automatically; your spouse and/or dependent(s) must file the escrow application form with ETF.* (See the “Escrowing Sick Leave Credits” section for more information.) They can later re-enroll in the State of Wisconsin Group Health Insurance Program under the conditions described in the “Re-enrolling in Health Insurance” section.

Note: When a surviving spouse and/or dependent of a deceased state employee or annuitant is eligible for the State of Wisconsin Group Health Insurance Program and is eligible to use the decedent's sick leave credits to pay the premiums, the insured surviving spouse and/or dependent cannot add a new dependent to their policy who was not insured at the time of the decedent's death.

For example, if an insured surviving spouse of a deceased state employee or annuitant remarries, their new spouse cannot be added to the surviving spouse's policy.

However, a dependent who was not eligible for coverage on the decedent's date of death but later becomes eligible could be added. For example, a child of the decedent born after the decedent's date of death could be added to the policy.

Surviving Spouse Actively Employed in a State Position

A surviving spouse of a deceased state employee who is eligible to use the decedent's sick leave credits to pay for health insurance premiums may become employed by the state and qualify for the State of Wisconsin Group Health Insurance Program as an active employee.

Spouse and/or Dependent Eligibility After Your Death, continued

The surviving spouse can *either*:

- Elect coverage as an active employee, with the (state) employer paying a portion of the premium *or*
- Health insurance coverage as a surviving dependent of the deceased state employee and have premiums deducted from the decedent's sick leave credits.

If the surviving spouse elects active employee coverage, sick leave credits will be automatically saved for future use after the surviving spouse becomes a WRS annuitant. Any employee share of premiums owed by the surviving spouse as an active employee must be paid directly; sick leave credits cannot be used to pay the employee share of active employee health premiums.

Annual Statement

If you have unused sick leave credits that are available to pay post-termination health insurance premiums, you will receive an annual statement showing both the beginning and current balance of your sick leave credit account.

More information on the State of Wisconsin Group Health Insurance Program is available on ETF's website at etf.wi.gov.

Glossary

ASLCC

Accumulated Sick Leave Conversion Credits

Authority

Authorities are entities that are created in the statutes as self-governing public entities. They're not state agencies. They typically have boards of directors and operate independently from the state, but have statutorily defined missions and powers. "Authorities" in this context are: Beyond Vision, Fox River Navigational Authority, UW Hospital and Clinics, and Wisconsin Housing and Economic Development Authority.

COBRA

Consolidated Omnibus Budget Reconciliation Act

Immediate Annuity

An immediate annuity is defined as an annuity that begins within 30 calendar days after your termination date. Therefore, it is possible to terminate employment shortly before reaching your minimum retirement age and still qualify for an "immediate" annuity. When determining whether you qualify for an immediate annuity, an important fact to consider is that a WRS annuity that does not become effective on the day after your WRS termination date can only begin on the first day of a month. Contact ETF before your termination date if you have questions about whether you will qualify for an immediate annuity.

QDRO

Qualified Domestic Relations Order

SHICC

Supplemental Health Insurance Conversion Credits.

WRS Creditable Service

WRS creditable service includes all covered WRS employment, as well as military and purchased service (other than Other Governmental Service as defined in 40.285(2)(b)). If a portion of your WRS service has been awarded to your former spouse through a Qualified Domestic Relations Order (QDRO), the years of service that would have been credited to your account if your account had never been divided by a QDRO will be used to determine whether you meet the 20 years of WRS creditable service requirement.

Appendix A: Comparable Coverage Comparison Worksheet

If you are planning on escrowing your sick leave credits or currently have escrowed sick leave credits, this chart allows you to compare your coverage with the Access plan. To be considered comparable, your plan doesn't need to have the

same benefits, but the benefits should be similar to the Access Plan. If you aren't sure if your plan is comparable, contact ETF, and we can review it for you before you make any changes.

	Access Plan	Plan name
Deductible	\$250/\$500	
Coinsurance	10% coinsurance	
Maximum Out of Pocket Limit (MOOP)	\$1,250/\$2,500 max	
Office Visit	\$15 copay	
Specialist Visit	\$25 copay	
Outpatient Care; includes OP labs, diagnostic testing, imaging, etc.	Deductible then 10% coinsurance	
Inpatient Care	Deductible then 10% coinsurance	
ER	\$75 copay, deductible + coinsurance	
Skilled Nursing Care	Deductible then 10% coinsurance	
Physical Therapy Services	\$15 copay	
Mental or Behavioral health visit	\$15 copay	
Drug Copays		
Tier 1	\$5 copay	
Tier 2	20%, max of \$50	
Tier 3	40%, max \$150	
Tier 4	\$50 Copay	
Drug OOPL (1 & 2)	\$600/\$1,200	
Drug OOPL (3 & 4)	\$9100/\$18,200	

Contact ETF



etf.wi.gov

Find ETF-administered benefits information, forms, brochures, benefit calculators, educational offerings and other online resources. Stay connected with:

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1-877-533-5020

7:00 a.m. to 5:00 p.m. (CST), Monday-Friday

Benefit specialists are available to answer questions.

Wisconsin Relay: 711



PO Box 7931

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Write ETF or return forms.

