



STATE OF WISCONSIN  
Department of Employee Trust Funds  
Robert J. Conlin  
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>

## Summary of 2013-2015 Budget Bill

### WISCONSIN RETIREMENT SYSTEM (WRS)

- **Rehired Annuitants – Increase Required Minimum Period of Separation from Employment before Returning to Work for a WRS-Participating Employer**

Under current law, a WRS participant who has applied to receive a retirement annuity must wait at least 30 days between terminating covered employment with a WRS employer and returning as a participating employee. If the participant does not wait the 30-day period, and is rehired before the expiration of the 30-day period, the participant is not eligible to receive a WRS retirement annuity.

The bill provides that the participant must remain separated from employment with a WRS participating employer for at least 75 days in order to be an eligible rehired annuitant. This provision first applies to a WRS participating employee who terminates on the budget bill's effective date. [§ 749]

- **Rehired Annuitants – Automatic Termination of Annuity upon Returning to Work for a Participating Employer in a Position in which the Member is Expected to Work at Least Two-Thirds of Full Time**

Currently, when a member terminates employment and receives an annuity, the member may later return to work with a WRS-participating employer and either terminate the annuity and again become a WRS-participating employee or, instead, continue to receive the annuity, as well as wages. If the member does not terminate the annuity, the member may not be a WRS participating employee and, in the case of state employment, is not eligible for group insurance benefits, and may not use any of his or her employment service as a rehired annuitant for any WRS purposes. If the participant terminates the annuity, the participant returns to participating employee status, is eligible for all group insurance benefits provided to other participating employees, and is able to accumulate additional years of creditable service under the WRS for the additional period of covered employment.

The bill provides that if a WRS annuitant, or a disability annuitant who has attained his or her normal retirement date, is appointed to a position with a WRS-participating employer, in which he or she is expected to work at least two-thirds of what is considered full-time employment by ETF, the annuity must be terminated and no annuity payment is payable until after the participant again terminates covered employment. [§§ 746-748]

- **Eligibility for Employees who were first hired by a WRS Employer before July 1, 2011**

2011 Wisconsin Act 32 increased the number of hours that an employee must work in order to become a participating employee in the WRS, from one-third of what is considered full-time employment to two-thirds of what is considered full-time employment, as determined by DETF by rule.

Under 2011 Wisconsin Act 32, this change did not apply to those employees who were first *hired* by a WRS employer before July 1, 2011, regardless of whether they were participating employees before that date. This provision provides that, in order to be exempt from this change, employees must have been *participating employees* before July 1, 2011. [ §§ 737, 738 ]

- **Disclosure of Member Information to Department of Revenue (DOR)**

ETF is permitted to disclose member information (including SSNs) concerning the payment of annuities under WRS to DOR for the purposes of administering the payment of state taxes; collecting debts owed to DOR; locating WRS participants, or the assets of WRS participants, who have failed to file tax returns, underreported their taxable income, or who are delinquent debtors; identifying fraudulent tax returns and credit claims; or providing information for tax-related prosecutions. [ § 733 ]

- **Internal Revenue Code Compliance**

The WRS is a governmental plan and is a tax-qualified retirement plan under s. 401(a) of the IRC. Members of tax-qualified plans enjoy many benefits, including that they do not have to pay income tax on contributions until they withdraw money from the plan. Similarly, contributed amounts are permitted to grow tax deferred. However, statutory changes are occasionally necessary to ensure the qualified status of the WRS and to allow for flexibility in the event of future changes to the IRC.

The budget bill contains technical adjustments to Chapter 40 to conform to requirements of the Internal Revenue Code. [ §§ 696, 697, 698, 700-704, 707-712, 717, 718, 720-725, 732, 734-736, 739-745, 750-752, 754-758 ]

## **GROUP INSURANCE**

- **Group Insurance Board (GIB) Discretion to Modify Benefits to Maintain or Reduce Premiums**

Current law provides that the GIB may not enter into an agreement to modify or expand any group insurance coverage in a manner that conflicts with laws or rules promulgated by ETF or that materially affects the level of premiums or the level of benefits under any group insurance coverage.

The bill permits the GIB to modify or expand benefits if the modification or expansion is required by law or would maintain or reduce premium costs for the state or its employees in the current or any future year. [§ 714]

- **Premium Surcharge for Participants Who use Tobacco Products**

Beginning in 2014, the GIB must impose a premium surcharge for health care coverage for eligible employees and annuitants who use tobacco products. The GIB may terminate the health care coverage of any eligible employee who falsely claims that he or she does not use tobacco products.

The bill mandates that for 2014 and 2015, the surcharge is \$50 a month. Premium surcharges paid by annuitants who use tobacco products are to be used to reduce future health care coverage premiums for annuitants and to reimburse ETF for costs incurred by ETF in providing health care coverage to annuitants. [§ 715, 731, 9112]

- **“Craft Employees” Payment of Health Insurance Premiums**

The bill creates a definition for “craft employee” in Chapter 40. Craft employees must pay all of their health insurance premiums, unless otherwise determined by the Director of OSER. A craft employee is a state employee who is a skilled journeyman craftsman, including the skilled journeyman craftsman’s apprentices and helpers, but does not include employees not in direct line of progression in the craft. [§§ 699, 729]

- **Optional High Deductible Plan and Health Savings Account**

The GIB must offer an optional high deductible health insurance plan and health savings account beginning January 1, 2015. The GIB may collect fees from state agencies to pay all administrative costs relating to health savings accounts. The state must make contributions to employees’ health savings accounts in an amount determined annually by the Director of OSER. The bill specifies that in setting the state contribution amount, the OSER Director must take into account the amount of the tobacco use premium surcharge. [§§ 462, 491, 705, 711, 716, 719, 730, 731, 753]

- **State Payment of Health Insurance Premiums**

Current law is that the state may not pay more than 88 percent of the average premium costs of the lowest cost health insurance plans.

Under the bill, the state is not permitted to pay more than 88 percent of the average premium costs in each tier. [§ 726]

In addition, if any tier contains no health insurance plans, but is used to establish premiums for employees who work and reside out of state, the amount these employees must pay is based on the premium contribution amount for that tier in the prior year, adjusted by the average percentage change of the premium contribution amount of the other tiers from the prior year. [§ 728]

- **Health Insurance Data Collection and Analysis – Requirements for Health Care Information Organizations**

Under current law, the Department of Health Services (DHS) and ETF may contract with a health care information organization (“data organization” in Chapter 153, Stats.) to request health care claims information from health insurers and insurance plan administrators. The data organization must analyze and publicly report this information with respect to the cost, quality, and effectiveness of health care; provide DHS with health care claims information and reports upon request; and maintain a centralized data repository. If DHS and ETF determine that the data organization is not fulfilling certain requirements, DHS must carry out these functions itself.

The bill requires the data organization to take actions including all of the following: 1) provide an Internet site to offer health care provider cost and quality data and reports to consumers; 2) conduct statewide consumer information campaigns to improve health literacy; and 3) provide software to allow providers to validate data prior to its publication on the Internet site. [§ 346, 1901, 1902]

## **ETF BUDGET**

- **Annual Report on Progress of Modernization Efforts**

ETF must submit an annual report by July 1 to the DOA Secretary and the Joint Committee on Finance regarding ETF’s progress in modernizing its business processes and integrating its information technology systems. [§ 713]

- **Funding for Promotion of State Employee Wellness in the Workplace**

- **Funding for Modernization of Business Processes and Technology Integration**

- **Provides 2 Positions for Statewide Outreach and Counseling Services**