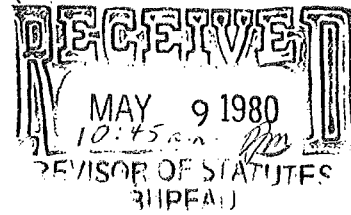


Tent. eff. date 7-1-80

Grp 2,3, 10, 11, 20

CERTIFICATE

STATE OF WISCONSIN)
) SS
DEPARTMENT OF EMPLOYE TRUST FUNDS)



TO ALL WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Gary I. Gates, Secretary of the Department of Employee Trust Funds, and custodian of the official records of said department do hereby certify that the annexed amendments to rules relating to the state group health and life insurance plans, were duly approved and adopted by the Group Insurance Board on April 29, 1980.

I further certify that said copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at the Capitol, in the City of Madison, this 8th day of May, 1980.

Gary I. Gates
Gary I. Gates, Secretary
Department of Employee Trust Funds

ORDER OF THE DEPARTMENT OF EMPLOYE TRUST FUNDS
GROUP INSURANCE BOARD
CREATING AND AMENDING RULES

Relating to rules concerning the group insurance coverage of employes between
the ages of 65 and 70.

Analysis prepared by the Department of Employee Trust Funds

These amendments would bring the current rules governing the coverage of state employes between ages 65 and 70 for group life and health insurance into conformity with the federally mandated guidelines as set forth in the 1978 Amendments to the Age Discrimination in Employment Act of 1967.

Pursuant to the authority vested in the Group Insurance Board by s. 40.10 (2), Wis. Stats., the Department of Employee Trust Funds hereby amends and creates rules interpreting sections 40.11 (2), 40.12, 40.13, and 40.145, Wis. Stats., as follows:

Grp 2.20 of the Wisconsin Administrative Code is amended to read:

Grp 2.20 Amount of insurance.

(4) (a) Pursuant to s. 40.13 (7), Stats., the amount of coverage for an insured employe under age ~~65~~ 70 shall not be reduced in subsequent years of employment unless the insured employe signs and files with his or her employer by January 31 a form provided by the director authorizing coverage to be determined in accordance with s. 40.13 (1), Stats. The employer must submit the signed form to the director not later than March 1 or coverage continues at the higher amount.

Grp 2.23 is amended to read:

Grp 2.23 Coverage during disability. (1) If an insured employe is totally disabled before age ~~65~~ 70 as a result of bodily injury or disease so as to be

wholly prevented from performing any work or engaging in any occupation for remuneration or profit, and appears to the head of his or her employing department likely to remain so disabled for an indefinite period of time, the employe and state contributions for the insurance may be discontinued for 9 months, or until any earlier time that the employe is able to return to work. The insurance shall remain in force while such contributions are discontinued. After contributions have been discontinued for 9 months the insurance company may request the employe to furnish proof of total disability. If the proof of total disability is accepted, the insurance will remain in force as long as the disability continues, subject to new proof of disability being submitted each year if required by the insurance company. ~~The amount of insurance will reduce at attainment of age 65 according to the schedule in s. 40.13 (2), Stats.~~ For employes between the ages of 65 and 70, the amount of insurance will reduce according to the schedule in s. 40.13 (2), Stats., upon attainment of age 70 or termination of employment, whichever shall first occur. For the purpose of this subsection, termination of employment shall also include but is not limited to filing for and receiving an annuity from a state retirement system.

Grp 3.01 (4) is created to read:

(4) Employe Contributions shall be made until age 70 is attained unless employment is terminated after attaining age 65 but prior to age 70 in which event contributions shall cease at the end of the month in which employment terminates.

Grp 10.20 is amended to read:

Grp 10.20 Amount of insurance.

(4) (a) Pursuant to s. 40.13 (7), Stats., the amount of coverage for an insured employe under age 65 70 shall not be reduced in subsequent years of employment unless ~~insured~~ the employe signs and files with his or her employer by January 31 a form provided by the director authorizing coverage to be determined in accordance with s. 40.13 (1), Stats. The employer must submit the signed form to the director not later than March 1 or coverage continues at the higher amount.

Grp 10.23 is amended to read:

Grp 10.23 Coverage during disability,

(1) If an insured employe is totally disabled before age 65 70 as a result of bodily injury or disease so as to be wholly prevented from performing any work or engaging in any occupation for remuneration or profit, and it appears to the employer is likely to remain so disabled for an indefinite period of time, the employer and employe contributions for the insurance may be discontinued for 9 months, or until any earlier time that the employe is able to return to work. The insurance shall remain in force while such contributions are discontinued. After contributions have been discontinued for 9 months the insurance company may request the employe to furnish proof of total disability. If the proof of total disability is accepted, the insurance will remain in force as long as the disability continues, subject to new proof of disability being submitted each year if required by the insurance company. ~~The amount of insurance will reduce at attainment of age 65 according to the schedule in s. 40.13 (2), Stats.~~

For employes between the ages of 65 and 70, the amount of insurance will reduce according to the schedule in s. 40.13 (2), Stats., upon attainment of age 70 or termination of employment, whichever shall first occur. For the purpose of this subsection, termination of employment shall also include but is not limited to filing for and receiving an annuity from a state retirement system.

Grp 11.01 (4) is created to read:

(4) Employe contributions shall be made until age 70 is attained unless employment is terminated after attaining age 65 but prior to age 70 in which event contributions shall cease at the end of the month in which employment terminates.

Grp 20.18 is amended to read:

Grp 20.18 Coverage of employes, annuitants, and dependents eligible for Medicare. (1) Each ~~covered~~ insured employe who has attained age 70, and any insured annuitant or dependent who becomes eligible for benefits under federal plans for hospital or health care for the aged, may continue to be covered through insured under the state group health insurance program only under the plan established pursuant to s. 40.145, Stats.

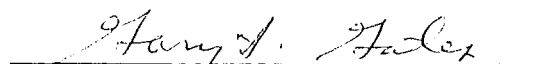
(2) Such state coverage shall be effective for the employe on the first of the month following attainment of age 70; for annuitants and dependents, coverage shall be effective on the date hospital insurance benefits become available under the federal program without payment of premium.

(3) State coverage for any such person who does not enroll for the voluntary medical insurance portion of the federal program shall cease on the date federal hospital benefits would have been available.

The amendments contained in this order shall take effect as provided in s. 227.026 (1) (intro.), Wis. Stats.

Dated: 5/7/80

Department of Employee Trust Funds



Gary I. Gates, Secretary

ORIGINAL REPEATED
 CORRECTED SUPPLEMENTAL

LAB or Bill No. / Adm. Rule No.
Grp 2.20, 2.23, 3.0
~~XXXXXXXXXXXXXXXXXXXX~~
10.20, 10.23, 11.01

Subject Extension of equal health and life insurance coverage to employees between ages 65 and 70. 20.18

Fiscal Effect
State: Increase Existing Appropriation Increase Costs -- May Be Possible to Absorb Within Agency's Budget Yes No
 Decrease Existing Appropriation
 Create New Appropriation
 Increase Existing Revenues Decrease Costs
 Decrease Existing Revenues No State Fiscal Effect

Local:

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected: <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others _____

Fund Sources Affected

GPR FED PRO PPS SEG SEGS

Affected Ch. 29 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

These amendments will bring the rules of the group life and health insurance programs into conformity with the 1978 Amendments to the Federal Age Discrimination in Employment Act of 1967. The effect will be to extend equal health and life insurance coverage to active employees between ages 65 and 70 as is available to active employees under age 65.

Assumptions

In computing the fiscal effects of these amendments the following assumptions were used:

1. That the number of active employees over age 65 will remain relatively constant.
2. Currently there are 657 state employees and 1,535 local employees in active employment over the age of 65.
3. That the average annual salary at age 65 is \$16,843.
4. That 77% of all active state employees are covered by group life insurance.
5. That of the state employees covered, 87.6% carry the supplemental plan.
6. That 40% of all active local government employees are covered by group life insurance. (No supplemental plan for local employees.)

Long-Range Fiscal Implications

Agency
Department of Employee Trust Funds

Authorizing Signature/Telephone No.
J. J. [Signature] 266-0301

Date
2/4/80

Assumptions Used in Arriving At Fiscal Estimate (cont'd.)

7. That 87% of all active state employes are covered by the group health insurance.
8. That of those covered, 30% have single coverage and 70% have family coverage.

Life Insurance

Currently the state share of premium for this age group is 45¢ per month per \$1,000 of coverage for the basic plan. For the supplemental plan, the cost is 26¢ per month per \$1,000. The amount of coverage is determined by rounding up to the next highest thousand from the employe's annual salary. Therefore, the state cost is estimated as follows:

Basic Plan Cost	17(000) x 45¢ x 12 (months) x 506 (insured employes)	= \$46,450
Supple- mental Plan Cost	17(000) x 26¢ x 12 (months) x 443 (insured in supplemental plan)	= <u>23,496</u>
Total increase in annual premium cost to state		\$69,946

The local units of government share of premium for this age group is 23¢ per month per \$1,000 of coverage. Therefore, for local employes over age 65:

Basic Plan Cost	17(000) x 23¢ x 12 (months) x 614 (insured employes)	= <u>\$28,808</u>
Total increase in annual premium cost to local units of government		\$28,808

Health Insurance

Currently the state share of premium for single coverage is \$38.00 per month per employe. The state share of premium for family coverage is \$94.23 per month per employe. Therefore, for active state employes over age 65:

Single Plan Cost	\$38.00 x 12 (months) x 171 (insured employes)	= \$ 77,976
Family Plan Cost	\$94.23 x 12 (months) x 400 (insured employes)	= <u>452,304</u>
Proposed annual premium cost to state		\$530,280

Previously, the state had contributed to a Medicare supplement for active employees over age 65. The monthly cost to the state for single coverage is \$23.08 per employee. The monthly cost to the state for family coverage is \$61.20 when one is eligible for Medicare, and \$46.17 when two family members are eligible for Medicare. Of the family Medicare supplement contracts roughly half had one eligible and half had two eligible for Medicare.

Medicare Supplement Single Plan Cost	$\$23.08 \times 12 \text{ (months)} \times 171 \text{ (insured employees)} = \$ 47,360$
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Medicare Supplement 1 Eligible Family Plan Cost	$\$61.20 \times 12 \text{ (months)} \times 200 \text{ (insured employees)} = 146,880$
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Medicare Supplement 2 Eligible Family Plan Cost	$\$46.17 \times 12 \text{ (months)} \times 200 \text{ (insured employees)} = \underline{110,808}$
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Previous state share of premium cost	<u>\$305,048</u>
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Net increase in premium cost to state	<u>\$225,232</u>
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Summary

We estimate the annual fiscal impact to the state for state share of premium under these proposed rules will be an increase of \$295,178.

We estimate the annual fiscal impact to those local units of government covered under the state's group life insurance plan will be an increase in total employer share of premium of \$28,808.

FISCAL ESTIMATE WORKSHEET

1979 Session

Detailed Estimate of Annual Fiscal Effect
AD-MDA-22 (Rev. 11/79)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Bill No. / Adm. Rule No. / Amendment No.
GRP. 2.20, 2.23, 3.01, 10.23, 2

Subject
Extension of equal health and life insurance coverage to employes between ages 65 and

I. One-time Costs or Revenue Fluctuations for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs: Note: Treat fiscal costs like a "checkbook"; increased costs reduce available funds (-); decreased costs increase available funds (+).	Annualized fiscal impact on State funds from	
	Increased Costs	Decreased Costs
A. State Costs by Category		
Salaries and Fringes	\$ - 295,178	\$ +
Staff Support Costs	-	+
Other State Costs	-	+
Local Assistance	-	+
Aids to Individuals or Organizations	-	+
TOTAL State Costs by Category	\$ - 295,178	\$ +
B. State Costs by Source of Funds		
GPR	\$ - 158,806	\$ +
FED	- 84,421	+
PRO/PRS	-	+
SEG/SEG-S	- 51,951	+
C. FTE Position Changes	Increased Pos. + ()	Decreased Pos. - ()
III. State Revenues--Complete this only when proposal will increase or decrease state revenues, such as taxes, license fees, etc.	Decreased Rev.	Increased Rev.
GPR Taxes	\$ -	\$ +
GPR Earned	-	+
FED	-	+
PRO/PRS	-	+
SEG/SEG-S	-	+
TOTAL State Revenues	\$ -	\$ +

Net Annualized Fiscal Impact on State & Local Funds

State	Annual Increases	Annual Decreases	Local	Annual Increases	Annual Decreases
Total Costs	\$ - 295,178	\$ +	Total Costs	\$ - 28,808	\$ +
Total Revenues	+	-	Total Revenues	+	-
NET Impact on State Funds	\$ (+) or (-) 295,178		NET Impact on Local Funds	\$ (+) or (-) 28,808	

Agency
Department of Employee Trust Funds

Authorized Signature/Telephone No.
[Signature] 266-0301

Date
2/4/80