



# CHRIS KAPENGA

WISCONSIN STATE SENATOR

## **Testimony on Senate Bill 278**

*Senate Committee on Elections and Local Government*

November 23, 2015

Thank you Chairman LeMahieu and committee members for holding a hearing today on Senate Bill 278. I also want to thank Representative Steffen for co-authoring this legislation in the Assembly.

Senate Bill 278 allows municipalities to participate in ancillary insurance plans that are offered by the Group Insurance Board. Some examples of ancillary insurance coverage that are currently offered by the Group Insurance Board include dental, vision, long-term care, and accidental death and dismemberment coverage.

It is important to note, that the ancillary coverage offered under this bill to state employees is 100% covered by the employees. However, in many instances, local municipalities provide a cost sharing for ancillary coverage with their employees and that would be allowed to continue under this bill. The bill requires program participants to establish a payroll deduction program to pay for premiums. Therefore under a cost-sharing model the employer and employee would simply split coverage.

Lastly, we were happy to work with the Department of Employee Trust Funds to delay the implementation date of this legislation to coincide with software and programming changes that are already scheduled to happen over the next couple of years. Under this bill, municipal employees will be able to enroll in the Fall of 2017 open enrollment period, with coverage beginning on January 1<sup>st</sup>, 2018.

The idea for this bill was brought forward by a locally elected official of a smaller municipality in my district. If enacted it would serve as a means to find savings of both time and money in their municipal budget. This bill builds on the reforms of 2011 Senate Bill 153, which allowed municipalities who did not participate in WRS to purchase health insurance through the Group Insurance Board. By purchasing health insurance through a larger insurance pool, municipalities have been able to realize significant cost savings. By expanding this same principal to ancillary insurance coverage, municipalities and their employees will realize additional savings of both time and money.

As good stewards of taxpayer dollars, we must continue to find ways to give local governments the tools they need to reduce costs and lower their local tax burden. Senate Bill 278 is a step in the right direction to accomplishing these goals, and I urge your support. Thank you and I would be happy to answer any questions.



# DAVID STEFFEN

STATE REPRESENTATIVE • 4<sup>TH</sup> ASSEMBLY DISTRICT

**Prepared Written Testimony by Rep. David Steffen  
Senate Committee on Elections and Local Government  
Senate Bill 278: Authorizing local government employees to participate in ancillary insurance  
coverage programs offered by the Group Insurance Board to state employees.  
November 23, 2015**

Chairman LeMahieu and Committee Members,

Thank you for scheduling a public hearing for Senate Bill 278, which would allow for local government employees to participate in ancillary insurance coverage programs offered by the Group Insurance Board. I cosponsored this legislation with Senator Kapenga and appreciate the opportunity to submit written testimony in favor of this commonsense measure. This bill is supported by the League of Municipalities and unanimously passed through the Assembly Committee on Urban and Local Affairs.

This bill builds upon the reforms included in 2011 Senate Bill 153. The impetus for SB 153 came when the Village of Sturtevant brought forward concerns that by denying local governments an ability to participate in health insurance plans offered by the Group Insurance Board, simply because they do not participate in the Wisconsin Retirement System, they were being denied the budgetary savings associated with purchasing insurance from within a larger pool of participants. Instead, allowing these local governments access to a larger insurance pool creates opportunity to reduce health insurance costs and provides for greater stability in year-to-year budget planning.

SB 278 simply expands upon the reforms of 2011 SB 153 to allow local governments to also purchase ancillary insurance coverage, such as vision and dental, through the Group Insurance Board. Providing this flexibility creates another opportunity to realize cost savings by increasing the purchasing power of local governments.

In promoting responsible stewardship of our state's finances, we should also be working to ensure that state statutes are not serving as a roadblock to local governments who are seeking to reduce costs by finding the best value for their municipal services. SB 278 removes a roadblock to savings by building upon the reforms of 2011 SB 153. SB 278 expands the options available to local governments when purchasing vision or dental insurance coverage in order to ensure they have the opportunity to purchase the most cost-effective plan to fit their needs.

Again, thank you for scheduling a hearing for this legislation and I urge you to support SB 278.

November 23, 2015

To: Members of the Senate Committee on Elections and Local Government

AB 361 requires the Group Insurance Board beginning in January 2018, to allow public employers other than the state to participate in ancillary insurance coverage plans, such as dental or vision plans.

NAIFA WI is in opposition to this legislation. This is a clear situation where the Government is in competition with free enterprise. We object. We have agents around the state with products that adequately provide the benefits the municipalities might wish to offer their employees. Companies may provide the benefits, but agents provide the service and local support for the clients.

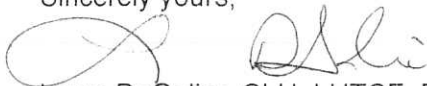
The argument used by the initiators of this legislation is that the GIB can offer benefits cheaper. If this argument were valid, why can't all citizens shop for medications through the state which uses its buying power to save money on the pharmaceuticals purchased for participants of SeniorCare?

If the GIB and the legislature choose to self-insure for the State of WI employees for medical insurance will you make that self-insurance pool available to municipalities as well?

In addition the Legislature voted two years ago to prohibit local governments from selling their road building services to other municipalities because they were taking business from private enterprise.

Our request is that you respect the work of the insurance agents and the insurance industry in Wisconsin and do not allow this legislation to become law. Please prohibit the State from competing with private enterprise.

Sincerely yours,



Laura DeGohier, CLU, LUTCF, FSS, RICP  
Member, NAIFA WI

