

State of Wisconsin

DEPARTMENT OF EMPLOYMENT RELATIONS

- COMPENSATION & LABOR RELATIONS BULLETIN -

Date: July 3, 2003

Locator No: CLR/POL-77

Subject: Layoff Benefits: Health Insurance Premiums
Paid From Accumulated Sick Leave for
Represented and Non-Represented Employees

The purpose of this bulletin is to provide guidance and assistance to agency human resources staff when administering contract provisions and statutory language allowing laid off employees to convert accumulated sick leave to pay for health insurance premiums. This bulletin abolishes CC-18 (May 18, 1984) and CC-27 (September 28, 1984). Also see ETF State Employers bulletin Vol. 20, State A dated March 11, 2003, for further detail of layoff benefits. However, references in the above referenced ETF bulletin to CC-18 and CC-27 should be disregarded and replaced with this bulletin.

Contractual language in the labor agreements covering represented employees, except the Crafts bargaining unit, as well as statutes applying to non-represented employees allow an employee to request conversion of unused accumulated sick leave at the time of layoff to pay for health insurance premiums. Premium payments are limited to 5 years from layoff or to the first of the month following the employee's acceptance of other employment, whichever occurs first. A written request should be received by the agency payroll office no later than the layoff effective date. Premiums are paid two months in advance and coverage must be in effect at the time of election. Agencies are strongly encouraged to inform all eligible employees of this benefit prior to layoff.

The total premium amount for any eligible employee who is insured at the time of layoff shall be deducted from the credits until the credits are exhausted, the employee "accepts other employment" (defined below) or five (5) years have lapsed from the date of layoff or death, whichever occurs first. If sick leave is not exhausted but the balance available prior to a monthly payment is less than one month's premium, the employee may continue coverage by submitting payment to make up the difference for the final monthly premium.

For represented and non-represented employees, the acceptance of other employment is defined as employment which would offer a comparable health insurance plan or policy. A health insurance plan or policy is considered comparable if it provides hospital and medical benefits that are substantially equivalent to the standard health insurance plan established under s. 40.52 (1), Wis. Stats.

This benefit applies only to regular layoff and is not available in the event of a temporary, seasonal or school year layoff.

Agencies shall establish appropriate control systems to ensure proper benefit administration. The control system shall include written requests, an appropriate audit trail and periodic verification of eligibility by employees. Employees who fail to provide written quarterly verifications should be disqualified.

Central Payroll has generated instructions on the conversion and record keeping involved with this benefit and should be contacted with any implementation questions.

Questions related to the labor agreements should be directed to the Bureau of Labor Relations. Contact Durell Vieau at phone: 608-267-5169, email: Durell.Vieau@der.state.wi.us; fax: 608-267-1020; or Kathy Kopp at phone: 608-266-0711; email: Kathy.Kopp@der.state.wi.us; fax: 608-267-1020.

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