

LRB or Bill No./Adm. Rule AB 4 (99-0318/1)
Amendment No. if applicable

FISCAL ESTIMATE
DOA-2048 (R10/92)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject
Requires insurers to cover treatment of a condition by an acupuncturist

Fiscal Effect
State: No State Fiscal Effect
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation		

Decrease Costs

Local: No local government costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> VTAE Districts
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Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations s. 20.515
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Assumptions Used in Arriving at Fiscal Estimate

AB 4 requires all health insurance plans offered to state employes to cover treatment provided by an acupuncturist if the plans would cover the same condition when provided by a physician. The state currently does not require the plans with which it contracts to provide acupuncture treatment, and to our knowledge none do so.

Because acupuncture has not been a covered benefit under health plans in general, no reliable cost or utilization data exist. Based on information provided by the consulting actuary, the Department provided estimates to the Legislature in 1995 that indicated acupuncturists treat 2% of all adults and 1% of children nationally and that each person averages 38 visits annually. The estimated cost of each visit ranged from \$60-80 for the first visit and \$20-25 for subsequent visits. Based on these figures, costs were estimated at \$2 per member per month. The actuary opined that this cost could double to \$4 if coverage were mandated, as cost and utilization tend to rise when a service becomes covered by insurance. The cost to the state might range as high as \$3.6 to \$7.2 million annually. This was based on the estimated cost of \$2 -\$4 per member per month x 150,000 members x 12 months.

The Group Insurance Board's current consulting actuary has reviewed the previous estimates and indicates that they are at the conservative end of the range. That is, it is unlikely that the actual costs would exceed these limits in the near future. The actuary further indicates that the relative lack of certified acupuncturists, as well as the lack of familiarity with the procedure in the Midwest, will tend to keep the costs below this level for some time. However, it should also be noted that the number of acupuncturists, while relatively small in comparison to other providers, appears to be increasing. In 1992, 20 acupuncturists were certified in Wisconsin under Chapter 451, 120 in 1995 and 177 in October 1998, according to the Department of Regulation and Licensing.

Some of the expected costs may offset existing medical costs. However, no data exists to quantify what, if any, amount will be offset.

Long-Range Fiscal Implications

On-going.

Agency/Prepared by: (Name & Phone No.) Department of Employee Trust Funds Pamela Henning 267-2929	Authorized Signature/Telephone No. <i>David Henrichs</i> 266-3763	Date 1-27-99
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FISCAL ESTIMATE WORKSHEET

1999 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047(R11/90)

X ORIGINAL
CORRECTED

UPDATED
SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
AB 4

Amendment
No.

Subject

Requires insurers to cover treatment of a condition by an acupuncturist

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

II. Annualized Costs:	Annualized fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations-Salaries and Fringes	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs	\$ 3,600,000	-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 3,600,000	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues- Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

NET CHANGE IN COSTS.....\$ STATE.....LOCAL
 \$ 3,600,000\$
 NET CHANGE IN REVENUES\$\$

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