

LRB or Bill No./Adm. Rule
 SB 1 (99-0705/2)
 Amendment No. if applicable

FISCAL ESTIMATE
 DOA-2048 (R10/92)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject

Require DETF to establish a health care coverage plan for employers in private sector and create a private employer health care coverage board

Fiscal Effect

State: No State Fiscal Effect.

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Increase Costs - May be possible to absorb Within Agency's Budget Yes No

Decrease Costs

Local: No local government costs

1. Increase Costs

Permissive Mandatory

Decrease Costs

Permissive Mandatory

3. Increase Revenues

Permissive Mandatory

4. Decrease Revenues

Permissive Mandatory

5. Types of Local Governmental Units affected:

Towns Villages Cities

Counties Others _____

School Districts VTAE Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

s. 20. 515 (2)(a)

Assumptions Used in Arriving at Fiscal Estimate

SB 1 requires the Department, with cooperation from the Departments of Commerce and Health & Family Services and the Office of Commissioner of Insurance, to design, establish and administer a health care coverage plan for employers in the private sector who employ at least two employees. The bill also creates a private employer health care coverage board (PEHCCB) that is responsible for approving the health care coverage plan before ETF can implement it. The bill requires that the health care plan begin no later than January 1, 2002 and sunset on January 1, 2007.

This fiscal estimate assumes that the Department will provide program planning and analysis, certain printing and publication costs, and initial contract negotiations with insurers and health care providers. In addition, the estimate assumes that the Department will schedule and staff the PEHCCB's meetings, prepare all materials and follow through with directives issued by the PEHCCB. The estimate assumes that the PEHCCB will meet 10 times during 2000 and 6 times during 2001.

(Continued on the next page.)

Long-Range Fiscal Implications

On-going

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

The PEHCCB will contract with an actuary for necessary actuarial work and, once the plan is established, with an administrator to assume the plan's general administration. In developing this estimate, it is assumed that the administrator, in conjunction with the Department, will:

1. Develop a marketing plan;
2. Prepare marketing materials, applications and other necessary forms;
3. Negotiate premiums with the participating insurers;
4. Oversee an annual open enrollment period at a time designated by the PEHCCB;
5. Collect all applications for coverage and premium from the employers, record all enrollments and disenrollments and distribute to the appropriate insurer;
6. When applicable, distribute the commission to the appropriate agent;
7. Establish a grievance procedure and, if possible, resolve disputes between the insured and the insurer; and
8. Keep all records and prepare reports for the PEHCCB and the Department.

Once the PEHCCB has approved the plan and contracted with an administrator, the PEHCCB will meet no more than five times annually. All costs incurred by the Department and the PEHCCB, including any legal costs to establish the plan and the costs to contract with the administrator and the actuary, will be charged to the plan and paid by the participating employers.

The bill provides for 3.5 FTE GPR positions effective on the effective date of the bill and funded from the appropriation under s. 20.515 (2)(a). However, the bill provides for no GPR appropriation to fund the positions after January 1, 2002. The Department expects these positions to be allocated in the following way: 1.0 FTE employe benefit plan director 1 to perform general development and administrative oversight of the plan; 0.5 FTE program assistant 3 to serve as board coordinator to staff the PEHCCB; 1.0 FTE employe benefit plan policy advisor to conduct research and assist in plan design; and 1.0 FTE program assistant 2 to provide general assistance to other staff including current Department staff who will be involved in the design, development and general administration of the plan.

Costs of Program (GPR)	FY 1999-2000	FY 2000-2001	FY 2001-2002
Employe Benefit Plan Director	56,200	56,200	28,100
Employe Benefit Plan Policy Advisor-Senior	48,100	48,100	24,100
Program Assistant 3 (50%)	15,200	15,200	7,600
Program Assistant 2	29,100	29,100	14,100
Supplies and Services (\$1,200 x 4 FTE)	4,800	4,800	2,400
Personal Computer, Monitor, and Software (one-time) (\$3,500 x 4 FTE)	14,000		
Systems Furniture (one-time) (\$5,000 x 4 FTE)	20,000		
Board Expenses (\$120 each for meals, lodging and travel x 10 meetings x 11 non-state members)	13,200	7,900 (6 meetings)	3,900 (3 meetings)
Actuarial Services	\$25,000	\$25,000	
Marketing Brochure and Insurance Rate Publication (10,000 x \$.60 each for paper and printing) (8,000 x \$.78 each for envelopes and postage)	6,000 6,300		
Totals:	\$237,900	\$186,300	\$80,200

Although not explicit in the bill, the Department assumes that as currently drafted anyone participating in the Private Employer Health Plan (PEHP) who believes that he or she has been adversely affected has the right to a Chapter 227 review. If that is correct, the Department and the PEHP will incur legal costs that have not been included in this fiscal estimate.

NOTE: The 3.5 FTE GPR positions are not scheduled to continue beyond January 1, 2002. All monies that the Department currently administers are trust fund dollars, and the Department may not use the monies for other than trust fund purposes. If the positions are not changed to PR and charged to the participating employers as of January 1, 2002, the Department will have no means to fund the positions and, therefore, manage the program.

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.
SB 1

Amendment
No.

Subject

Requires DETF to establish health care coverage plan for employers in private sector and create a private employer health care coverage board.

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

Computers and systems furniture \$34,000

II. Annualized Costs:	Annualized fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations-Salaries and Fringes	\$ 148,600	\$ -
(FTE Position Changes)	(3.5 FTE)	(- FTE)
State Operations - Other Costs	\$ 55,300	-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 203,900	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ 203,900	\$ -
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

STATE LOCAL

NET CHANGE IN COSTS.....\$ 203,900\$

NET CHANGE IN REVENUES\$\$

Agency/Prepared by: (Name & Phone No.)
Department of Employee Trust Funds
Pamela Henning 267-2929

Authorized Signature/telephone No.

David Hennings (266-3763)

Date

1-27-99