

FISCAL ESTIMATE
DOA-2048 (R10/92)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject

Payment of health insurance premiums for UW System faculty and certain administrative staff

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
2. 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 (1)(r)

Assumptions Used in Arriving at Fiscal Estimate

LRB-0903 will create under s. 40.02 (25)(b)1m, a category of teachers at the University of Wisconsin who are eligible for group health insurance and are covered under the Wisconsin Retirement System. The proposal also amends s. 40.05 (4)(a)2 to provide these teachers eligibility for employer payment of health insurance premiums upon becoming insured. This has the effect of requiring the state, in most instances, to pay for health insurance premiums upon hire. Without this change, newly hired teaching employees must have six months state service under the WRS to be eligible for employer contribution toward premium.

The annual cost using 1998 premiums is estimated to be \$3.28 million, based on the following assumptions:

- In 1997, the last full year in which figures are available, 1307 teachers were newly hired who met the requirements of s. 40.02 (25)(b)1m, as proposed, and who did not have previous state coverage under the WRS. (Note: 6 months of previous WRS coverage as a state employee would allow a newly hired teacher immediate pick-up of the employer share of premium).
- The 1998 average monthly premium for all active employees is \$418.9, which includes one-third single contracts and two-thirds family contracts. Assuming that the distribution of health insurance contracts is similar to those found in the state employee program as a whole, \$3.28 million equals 1307 employees x 6 months x 418.91 average monthly premium.

Long-Range Fiscal Implications

On-going.

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