

Fiscal Estimate Narratives

DHFS 8/14/2003

LRB Number	03-1919/2	Introduction Number	AB-166	Estimate Type	Original
Subject					
Exclude farm depreciation from income when determining eligibility for BadgerCare					

Assumptions Used in Arriving at Fiscal Estimate

Currently, when calculating an individual's income for Medical Assistance (MA) or BadgerCare that includes farm income, DHFS adds back depreciation expenses to the amount of the individual's net taxable income. This bill prohibits the Department from adding back any amounts claimed for depreciation of farm equipment to an individual's net taxable income for purposes of BadgerCare eligibility.

In order to continue to receive federal matching funds for BadgerCare, DHFS would have to amend the current federal waiver for BadgerCare to exempt farm equipment depreciation from an individual's net taxable income. Under current Medicaid and SCHIP federal laws, a state can not have a different income definition for BadgerCare compared to that used for low income families under MA. States are limited to using budgeting methods of the former AFDC program when determining Medicaid eligibility for families [42 CFR 435.601(b)], which requires counting depreciation as part of the family's income. However, states are allowed to elect a budgeting methodology that is less restrictive than the AFDC program but only for certain eligibility groups [42 USC 1396a (r) (2)]. While Wisconsin could elect this option to determine eligibility for children in BadgerCare without counting depreciation, it would not be possible to cover the parents. The only way parents could be eligible for BadgerCare through this provision would be to amend the BadgerCare waiver. It is unknown whether CMS will object to allowing these individuals to become eligible for BadgerCare. For this reason, the Department recommends that the legislation make the change contingent upon approval of a federal waiver.

Based on 2001 tax revenue data, it is estimated that 21,507 additional individuals will be eligible for BadgerCare under the proposed bill. Department staff estimates that 6,452, or 30%, of new BadgerCare eligible individuals will choose to enroll in the programs. As a result, it is estimated that once fully implemented AB 166 will increase BadgerCare benefit costs by \$9,856,200 AF (\$3,463,000 GPR) annually. Assuming an effective date of July 1, 2003, a three-month implementation period, and twelve months to reach the full enrollment, AB 166 will increase BadgerCare benefits expenses by \$2,873,500 AF (\$1,019,500 GPR) in FY04 and 9,558,300 AF (\$3,390,800 GPR) in FY05. It is estimated premium payments from new clients above 150% of the FPL will offset benefit costs by \$29,600 PR in FY04 and \$92,600 PR in FY05.

The provision will require the Department to evaluate the eligibility of approximately 1,575 new cases. The estimated per case annual cost for administration of eligibility functions is approximately \$185 AF. As a result, it is estimated that once fully implemented AB 166 will increase BadgerCare administrative costs by \$291,200 AF (\$84,800 GPR) annually. Assuming an effective date of July 1, 2003, a three-month implementation period, and twelve months to reach the full enrollment, AB 166 will increase BadgerCare benefits expenses by \$189,200 AF (\$55,100 GPR) in FY04 and \$282,400 AF (\$82,200 GPR) in FY05. In addition, the department will require one time funding of \$100,000 AF (\$29,110 GPR) in FY04 to change the Client Assistance for Re-employment and Economic Support (CARES) system.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-1919/2		Introduction Number AB-166	
Subject			
Exclude farm depreciation from income when determining eligibility for BadgerCare			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
The Department will require one-time funding of \$100,000 AF (29,110 GPR) in FY04 to change the Client Assistance for Re-employment and Economic Support (CARES) system.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance	291,200		
Aids to Individuals or Organizations	9,856,200		
TOTAL State Costs by Category	\$10,147,400		\$
B. State Costs by Source of Funds			
GPR	3,547,700		
FED	6,505,100		
PRO/PRS (PRO)	94,600		
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	\$10,147,400		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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