

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3714/1		Introduction Number AB-674	
Subject Health insurance coverage for state employees who are annuitants under the Wisconsin Retirement System			
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs			
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts			
Fund Sources Affected <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input checked="" type="checkbox"/> SEGS		Affected Ch. 20 Appropriations	
Agency/Prepared By ETF/ Vicki Poole (608) 261-7940		Authorized Signature Pam Henning (608) 267-2929	
		Date 12/8/2003	

Fiscal Estimate Narratives

ETF 12/8/2003

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Subject Health insurance coverage for state employees who are annuitants under the Wisconsin Retirement System		

Assumptions Used in Arriving at Fiscal Estimate

This estimate uses 550 annuitants, which is based upon the number who currently are employed by the State and assumes all 550 work more than half-time. Approximately 25% of these annuitants would be over 65 (eligible for Medicare). The number of annuitants participating may be lower than estimated since all agencies may not want to pay the employer share of the health insurance.

The price to the State for each post-65 annuitant returning to work and enrolling in the active plan would be \$1,078 per contract, per month (PCPM) ($\$1078 \text{ PCPM} \times 12 \text{ months} \times 140 \text{ annuitants} = \$1,811,000$). The cost for this group is higher because Medicare will no longer be the primary payer for health insurance per the changes in this bill. This pricing is based on an age-sex adjusted medical cost used for the regular State HMO group. The medical cost that resulted from this calculation was consistent with what the State would pay for the Medicare +100,000 group. The average PCPM cost for a non-Medicare contract for those annuitants returning to work who are under 65 would be \$808 ($\$808 \text{ PCPM} \times 12 \text{ months} \times 410 \text{ annuitants} = \$3,975,400$).

Other types of costs associated with this bill would include those for project planning and implementation, revising communication tools and procedures, keying applications, and staff training. Those costs would be significantly higher in the first year, with minor adjustments and training needed in subsequent years. Additionally, there would be costs associated with written/telephone inquiries, with the first-year inquiries being higher than subsequent years (\$5,900 SEG annually).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Health insurance coverage for state employees who are annuitants under the Wisconsin Retirement System			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$10,800.			
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			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
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			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$See Narrative	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
ETF/ Vicki Poole (608) 261-7940		Pam Henning (608) 267-2929	12/8/2003