

### Fiscal Estimate - 2005 Session

Original       Updated       Corrected       Supplemental

LRB Number **05-2144/1**      Introduction Number **AB-341**

**Subject**  
 Health Savings Accounts under state employee health care coverage program

**Fiscal Effect**

**State:**  
 No State Fiscal Effect  
 Indeterminate  
 Increase Existing Appropriations       Increase Existing Revenues  
 Decrease Existing Appropriations       Decrease Existing Revenues  
 Create New Appropriations  
 Increase Costs - May be possible to absorb within agency's budget  
     Yes       No  
 Decrease Costs

**Local:**  
 No Local Government Costs  
 Indeterminate

1.  Increase Costs      3.  Increase Revenue  
 Permissive     Mandatory       Permissive     Mandatory

2.  Decrease Costs      4.  Decrease Revenue  
 Permissive     Mandatory       Permissive     Mandatory

5. Types of Local Government Units Affected  
 Towns       Village       Cities  
 Counties       Others      0  
 School Districts       WTCS Districts

**Fund Sources Affected**      **Affected Ch. 20 Appropriations**

GPR     FED     PRO     PRS     SEG     SEGS

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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## Fiscal Estimate Narratives

DOR 4/22/2005

LRB Number	<b>05-2144/1</b>	Introduction Number	<b>AB-341</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Health Savings Accounts under state employee health care coverage program					

### Assumptions Used in Arriving at Fiscal Estimate

Currently, state employees receive health care coverage through plans offered by the Group Insurance Board. Under current federal law, individuals may establish health savings accounts (HSA) into which they and their employers can make federal tax-exempt contributions that can be used for the payment of certain qualified medical expenses. Owners of HSAs must be covered under a high-deductible health plan and may not be covered by any other health plan.

This bill would require the Group Insurance Board, beginning on January 1, 2006, to offer a health care coverage option to state employees consisting of a high-deductible health plan and the establishment of HSAs authorized under federal law. The state would be required to make contributions into each employee's HSA that are equal to the difference between the state's share of the annual premium cost of the high-deductible health plan and the state's share of the annual premium cost of the lowest tier plan that is available in the county in which the employee resides. According to Wisconsin's Employee Trust Funds, the state's estimated average contributions to HSAs for single individuals would be approximately \$1,873 and \$4,000 for families; these amounts are roughly equivalent to the deductibles under a high-deductible health plan.

Employee Trust Funds, which administers health insurance plans for about 68,500 state employees, estimates that about 12,000 current state employees would open a health savings account if this bill was adopted. The agency estimates that one-third of the HSAs would be opened by single individuals and two-thirds would be opened by families. Because contributions to HSAs are taxable in Wisconsin, this bill would generate increased state tax revenues of \$2.17 million from those state employees who choose the high-deductible/HSA option.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 05-2144/1		<b>Introduction Number</b> AB-341	
<b>Subject</b>			
Health Savings Accounts under state employee health care coverage program			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$2,170,000	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$2,170,000</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$2,170,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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