Fiscal Estimate - 2005 Session

\boxtimes	Original		Updated		Corrected		Suppler	nental
LRB	Number	05-2263/1		Intro	duction Numb	per AE	3-445	
Subjec	et							
Individ	ual income ta	ax credit for den	tists who are	under-reimburs	sed by Medical A	ssistance		
Fiscal	Effect							
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Agenc	y/Prepared E	Зу		Authorized S	ignature			Date
DOR/ Kirstin Nelson (608) 261-8984				Rebecca Boldt (608) 266-6785 6/21/20				

Fiscal Estimate Narratives DOR 6/21/2005

				05-2263/1	LRB Number				
		*			Subject				
Individual income tax credit for dentists who are under-reimbursed by Medical Assistance									
Individual income tax credit for dentists who are under-reimbursed by Medical Assistance									

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable individual and corporate income tax credit for dentists for certain costs of providing dental services that are not reimbursed under the Medical Assistance program. The credit is equal to 50% of a dentist's unreimbursed costs for the taxable year.

Based on information obtained from the Department of Health and Family Services (DHFS) on the dental expenses submitted to the medical assistance program, total unreimbursed dental expenses submitted directly by dentists for 2004 were approximately \$33 million, and total unreimbursed dental expenses submitted to HMOs under the program were \$5.6 million. Thus, a total of \$38.6 million in unreimbursed expenses were provided by dentists in 2004. If dentists claim a credit for 50% of this amount, the revenue loss could potentially be about \$19.3 million. However, it is assumed that not all providers would be eligible for the entire credit based on their income. Assuming 75% of the credit could be used, the bill will result in a revenue decrease of \$14.3 million.

The department will incur one-time costs of \$38,900 to add new credits to the individual and corporate tax forms. All other costs can be absorbed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

\boxtimes	Original		Updated		Corrected	d [Supplemental		
LRB	Number	05-2263/	1	Intro	duction	Number	Α	B-445		
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annua	llized fiscal e	or Revenue Ir effect): mming to add r						include in		
II. Annualized Costs:					Annualized Fiscal Impact on funds from:					
					Increased	Costs		Decreased Costs		
A. Sta	te Costs by	Category								
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(FTI	E Position Ch	nanges)								
Stat	e Operations	- Other Costs	A 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	er i				,		
Loc	al Assistance		1							
Aids	to Individual	ls or Organizat	tions							
ПП	OTAL State	Costs by Cat	egory			\$		\$		
B. Sta	te Costs by	Source of Fu	nds		192					
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Ţ	OTAL State	Revenues				\$		\$-14,300,000		
			NET ANNUA	ALIZED FISC	AL IMPAC	Τ				
						State		<u>Local</u>		
NET CHANGE IN COSTS						\$	\$			
NET CHANGE IN REVENUE				\$-14,30	00,000		\$			
Agency/Prepared By Aut				Authorized	thorized Signature			Date		
DOR/ Kirstin Nelson (608) 261-8984 R				Rebecca Bo	ebecca Boldt (608) 266-6785					