



**Fiscal Estimate Narratives**  
**OCI 7/15/2005**

LRB Number <b>05-3122/1</b>	Introduction Number <b>AB-519</b>	Estimate Type <b>Original</b>
<b>Subject</b> Require insurers to provide experience ratings to local governments to post on the Internet		

**Assumptions Used in Arriving at Fiscal Estimate**

AB 519 would require OCI to develop by rule a uniform health care coverage request for proposal form to be used by local governments in the solicitation of bids for health insurance coverage of employees. OCI does not currently have staff available that are experienced in preparation of municipal requests for proposals or in the municipal law related to the legal requirements for contracting and creating requests for proposals. OCI would need to engage the services of outside consulting firms and/or legal counsel experienced in the preparation of such documents and the underlying applicable municipal law to prepare a universal request for proposal.

AB 519 would also require OCI to develop by rule a uniform local government health care claims experience form to be used by insurers when the information is requested by local governments. There is currently no standardized claims experience reporting method used by insurers in Wisconsin. Anecdotal information passed along to OCI indicates that insurers vary greatly in the type and amount of information that is distributed when a request for claims experience is made. OCI does not currently collect claims paid data and subsequently does not have staff with experience gathering or distributing such information. OCI would need to engage the services of an outside actuary to assist in the determination of what standardized set of data should be required to be distributed when a experience request is made.

Additionally, OCI would be required, as a part of its regulatory responsibilities, to confirm that insurers are complying with the provisions of section 632.7971(d). Typically, this confirmation is obtained through the examination process but will also occur if a complaint is filed by an insurance consumer, in this instance a unit of local government.

Engaging the services of outside consultants, actuaries and legal counsel would present a significant financial cost to OCI, one that cannot be borne within OCI's existing authorized spending authority. OCI is unable to determine the length of time that would be involved in such a comprehensive review of both municipal contracting law as well as health care claims paid data from local governments.

Local governments that provide employee health care benefits through a health insurer will be required to solicit bids for this coverage using a uniform health care coverage request for proposal (RFP) developed by OCI. Furthermore, when a local government receives proposals for health care coverage from an insurer it is required to submit bid information to DOA and either publish the data locally or provide notice where the data can be found. These activities will involve administrative costs and notice publication costs.

Local governments will be required to submit bid information it receives to DOA in the format specified by DOA. Since this format is yet to be determined, it is not possible to estimate what the cost of compliance to local governments would be. It is possible that there could be significant data processing costs involved with submitting data to DOA.

Local governments will be required to notify DOA when they request aggregate claims information data from their insurer. This would be an administrative task, but does not appear to involve a significant cost to the local government.

In the aggregate, local governments may either purchase health insurance from a licensed health insurer or they may self-fund their health care benefits for their employees. Self-funded health benefit plans do not appear to be included in AB 519. OCI does not collect information regarding which local governments choose to self-fund or not or even which local governments are offering health care benefits to their employees. Therefore it is not possible to provide an aggregated local government cost figure associated with AB 519.