

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL                       UPDATED  
 CORRECTED                       SUPPLEMENTAL

**LRB # LRB-4142/3**

**INTRODUCTION # AB 759**

**Admin. Rule #**

**Subject**  
HIRSP Plan II Rates

**Fiscal Effect**

State:  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget  Yes  No

- Increase Existing Appropriation                       Increase Existing Revenues  
 Decrease Existing Appropriation                       Decrease Existing Revenues  
 Create New Appropriation

Decrease Costs

Local:  No local government costs

- |  |  |  |
|--|--|--|
| 1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>4. <input type="checkbox"/> Decrease Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Governmental Units Affected:<br><input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others _____<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|--|

**Fund Sources Affected**

- GPR    FED    PRO    PRS    SEG    SEG-S

**Affected Ch. 20 Appropriations**

**Assumptions Used in Arriving at Fiscal Estimate:**

Funding for DHFS's Health Insurance Risk Sharing Plan (HIRSP) program is provided by state GPR, policyholder premiums, assessments to the insurance industry, and assessments to health-care providers in the form of provider discounts. Because the level of state GPR support for the program is fixed, policyholders, the insurance industry and health-care providers support any additional cost to the program in a 60/20/20 split, respectively.

Under current law, HIRSP offers its enrollees who are not eligible for Medicare an annual choice of coverage options. For persons who are eligible for Medicare, HIRSP provides an alternative policy that reduces the benefits payable by the amounts paid under Medicare. Premiums for the general major medical coverage may not be less than 150% nor more than 200% of the rate that standard risk would be charged under an individual policy providing the same coverage and deductibles as are provided under HIRSP. Current law does not distinguish between the premium rates for the coverage provided to persons who are eligible for Medicare and the coverage provided to persons who are not eligible for Medicare.

The bill provides that the rates for the alternative, reduced-benefit coverage provided to persons who are eligible for Medicare must be determined on that basis of 1.) Comparison between the average per capita amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons who are eligible for Medicare and the average per capita amount of covered expenses paid by HIRSP in the previous calendar year on behalf of persons not eligible for Medicare; 2) HIRSP enrollment levels of persons who are eligible for Medicare; and 3) other economic factors that DHFS and the HIRSP board consider relevant. Under the bill, on the premiums for the general major-medical coverage for persons not eligible for Medicare must be set between 150% and 200% of what a standard risk would pay for the same coverage and deductibles. The bill also provides that if, in order to cover HIRSP expenses, premiums for persons who are not eligible for Medicare are increased above 150% of what a standard risk would pay, premiums for the coverage provided to persons who are eligible for Medicare must be increased by a comparable amount.

It is estimated that this proposal would not alter the current funding levels, funding distribution or expenditures of the HIRSP program. Therefore it is estimated that the proposal will have no fiscal effect.

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Date  
2-15-00