

LRB or Bill No./Adm. Rule  
2001 AB 79  
Amendment No. if applicable  
01-0875/1

FISCAL ESTIMATE  
DOA-2048 (R10/92)

ORIGINAL       UPDATED  
 CORRECTED       SUPPLEMENTAL

**Subject**  
Requires insurers to cover treatment of a condition by an acupuncturist

**Fiscal Effect**

State:  No State Fiscal Effect

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

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

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

Local:  No local government costs

1.  Increase Costs

Permissive       Mandatory

Decrease Costs

Permissive       Mandatory

3.  Increase Revenues

Permissive       Mandatory

4.  Decrease Revenues

Permissive       Mandatory

5. Types of Local Governmental Units affected:

Towns       Villages       Cities  
 Counties       Others \_\_\_\_\_  
 School Districts       VTAE Districts

**Fund Sources Affected**

GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Ch. 20 Appropriations**

s. 20.515

**Assumptions Used in Arriving at Fiscal Estimate**

AB 79 requires all health insurance plans offered to state employees to cover treatment provided by an acupuncturist if the plans would cover the same condition when provided by a physician. The state currently does not require the plans with which it contracts to provide acupuncture treatment, and to our knowledge none do so.

Because acupuncture has not been a covered benefit under health plans in general, no reliable cost or utilization data exist. Based on information provided by the consulting actuary, the Department provided estimates to the Legislature in 1995 that indicated acupuncturists treat 2% of all adults and 1% of children nationally and that each person averages 38 visits annually. The estimated cost of each visit ranged from \$60-80 for the first visit and \$20-25 for subsequent visits. Based on these figures, costs were estimated at \$2 per member per month. The actuary opined that this cost could double to \$4 if coverage were mandated, as cost and utilization tend to rise when a service becomes covered by insurance. The cost to the state might range as high as \$3.6 to \$7.2 million annually. This was based on the estimated cost of \$2-\$4 per member per month x 150,000 members x 12 months.

The Group Insurance Board's current consulting actuary has reviewed the previous estimates and indicates that they are at the conservative end of the range. That is, it is unlikely that the actual costs would exceed these limits in the near future. The actuary further indicates that the relative lack of certified acupuncturists, as well as the lack of familiarity with the procedure in the Midwest, will tend to keep the costs below this level for some time. However, it should also be noted that the number of acupuncturists, while relatively small in comparison to other providers, appears to be increasing. In 1992, 20 acupuncturists were certified in Wisconsin under Chapter 451, 120 in 1995 and 234 in 2000, according to the Department of Regulation and Licensing.

Some of the expected costs may offset existing medical costs. However, no data exists to quantify what, if any, amount will be offset.

**Long-Range Fiscal Implications**

On-going.

Agency/Prepared by: (Name & Phone No.)

Department of Employee Trust Funds  
Pamela Henning 267-2929

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*David Henrich*      266-3763

Date

2/8/01

**FISCAL ESTIMATE WORKSHEET**

2001 Session

Detailed Estimate of Annual Fiscal Effect  
DOA-2047/(R11/90)

ORIGINAL  
 CORRECTED

UPDATED  
 SUPPLEMENTAL

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Subject

Requires insurers to cover treatment of a condition by an acupuncturist

**I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

**II. Annualized Costs:**

**A. State Costs by Category**

	Annualized fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
State Operations-Salaries and Fringes	\$	\$ -
(FTE Position Changes)	( FTE)	(- FTE)
State Operations - Other Costs	\$ 3,600,000 - \$7,200,000	-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	\$ 3,600,000 - \$7,200,000	\$ -

**B. State Costs by Source of Funds**

	Increased Costs	Decreased Costs
GPR	\$ 1,620,000 - \$3,240,000	\$ -
FED		-
PRO/PRS	\$1,980,000 - \$3,960,000	-
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		-
<b>TOTAL State Revenues</b>	\$	\$ -

**NET ANNUALIZED FISCAL IMPACT**

NET CHANGE IN COSTS.....\$ STATE.....LOCAL  
 \$ 3,600,000 - \$7,200,000  
 \$ \_\_\_\_\_  
 NET CHANGE IN REVENUES .....\$ \_\_\_\_\_

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