

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

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| LRB Number 01-0785/2 | Introduction Number AB-272 |
|------------------------------------|--|

Subject
 Exempt depreciations claimed for farm-related property from income under Badgercare

Fiscal Effect

State:

| | | | | |
|---|---|---|---|---|
| <input type="checkbox"/> No State Fiscal Effect | <input type="checkbox"/> Indeterminate | <input type="checkbox"/> Increase Existing Revenues | <input type="checkbox"/> Increase Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget |
| <input type="checkbox"/> Increase Existing Appropriations | <input type="checkbox"/> Decrease Existing Appropriations | <input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| | | | <input type="checkbox"/> Decrease Costs | |

Local:

| | | | | |
|--|--|--|---|---------------------------------|
| <input type="checkbox"/> No Local Government Costs | <input type="checkbox"/> Indeterminate | 5. Types of Local Government Units Affected | | |
| 1. <input type="checkbox"/> Increase Costs | 3. <input type="checkbox"/> Increase Revenue | <input type="checkbox"/> Towns | <input type="checkbox"/> Village | <input type="checkbox"/> Cities |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Counties | <input type="checkbox"/> Others | |
| 2. <input type="checkbox"/> Decrease Costs | 4. <input type="checkbox"/> Decrease Revenue | <input type="checkbox"/> School Districts | <input type="checkbox"/> WTCS Districts | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | | | |

| | |
|---|--|
| Fund Sources Affected | Affected Ch. 20 Appropriations |
| <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS | 20.435 (4) (a); (b); (bc); (jz); (n); (o); and (p) |

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| Agency/Prepared By DHFS/ Richard Chao (608) 267-0357 | Authorized Signature Freda Ellen Bove (608) 266-2907 | Date 08/08/2001 |
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Fiscal Estimate Narratives

DHFS 08/09/2001

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|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number | 01-0785/2 | Introduction Number | AB-272 | Estimate Type | Original |
| Subject | | | | | |
| Exempt depreciations claimed for farm-related property from income under Badgercare | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Currently, in calculating an individual's income for the Medical Assistance (MA) or BadgerCare programs, if the individual has farm or self-employment income, DHFS calculates the amount of that income by adding the amount that the individual claimed for depreciation to the amount of the individual's net taxable income. This bill prohibits the Department from adding any amounts claimed for depreciation to an individual's net taxable farm or self-employment income for purposes of determining whether an individual meets the income limits for the MA and BadgerCare programs.

Based on 1999 tax revenue data, it is estimated that 33,531 additional individuals will be eligible for either the MA program or for the BadgerCare program under the proposed bill. Department staff estimate that 10,060, or 30%, of newly MA or BadgerCare eligible individuals will choose to enroll in the programs. As a result, it is estimated that the bill will increase MA/BadgerCare benefits expenses by \$16,332,500 AF (\$6,025,200 GPR, \$10,127,900 FED, and \$179,400 PR).

Self-employed and farming families may have higher health care costs than other BadgerCare families due to the risk factors associated with the farming business, lack of insurance and lack of worker's compensation. Therefore, it is possible that the addition of a significant number of farmers and self-employed individuals to the BadgerCare caseload would cause an increase in costs for health care services provided to these individuals. Additional funding may be necessary for these increased costs.

In addition, the provision will require the Department to evaluate the eligibility of approximately 3,643 new cases. The estimated per case annual cost for administration of eligibility functions is approximately \$436 AF. As a result, the estimated annual cost of eligibility administration for these new cases is \$1,590,000 AF (\$795,000 GPR, \$795,000 FED).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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| Subject | | | |
| Exempt depreciations claimed for farm-related property from income under Badgercare | | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): | | | |
| II. Annualized Costs: | | Annualized Fiscal Impact on funds from: | |
| | | Increased Costs | Decreased Costs |
| A. State Costs by Category | | | |
| State Operations - Salaries and Fringes | | \$ | |
| (FTE Position Changes) | | | |
| State Operations - Other Costs | | | |
| Local Assistance | 1,590,000 | | |
| Aids to Individuals or Organizations | 16,332,500 | | |
| TOTAL State Costs by Category | \$17,922,500 | | \$ |
| B. State Costs by Source of Funds | | | |
| GPR | 6,820,200 | | |
| FED | 10,922,900 | | |
| PRO/PRS | 179,400 | | |
| 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 | 179,400 | | |
| SEG/SEG-S | | | |
| TOTAL State Revenues | \$179,400 | | \$ |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | | State | Local |
| NET CHANGE IN COSTS | \$17,922,500 | | \$ |
| NET CHANGE IN REVENUE | \$179,400 | | \$ |
| Agency/Prepared By | | Authorized Signature | Date |
| DHFS/ Richard Chao (608) 267-0357 | | Fredi Ellen Bove (608) 266-2907 | 08/08/2001 |