

## Fiscal Estimate - 2001 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>01-3730/1</b>	<b>Introduction Number</b> <b>AB-543</b>	
<b>Subject</b> Small employer insurance rates and general fund loan for private employer health insurance		
<b>Fiscal Effect</b>		
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue              5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.515 (2) (a) and (g)		
<b>Agency/Prepared By</b> ETF/ Pam Henning (608) 267-2929	<b>Authorized Signature</b> Dave Hinrichs (608) 266-3763	<b>Date</b> 10/11/01

## Fiscal Estimate Narratives

ETF 10/12/01

LRB Number <b>01-3730/1</b>	Introduction Number <b>AB-543</b>	Estimate Type <b>Original</b>
<b>Subject</b> Small employer insurance rates and general fund loan for private employer health insurance		

### Assumptions Used in Arriving at Fiscal Estimate

AB 543 appropriates \$850,000 GPR for the operation of the Private Employer Health Care Coverage Program (PEHCCP). The bill also requires that the PEHCCP repay the general fund an amount determined by the Department of Administration Secretary after consulting with the PEHCCP Board. Monies to repay the general fund come from dollars received from employers who elect to participate under the program. The DOA Secretary may allow the repayment in installments.

The \$850,000 GPR will be used to fund the following:

Internal Department Operating Costs - \$116,400 (for 6 months of FY03 assuming premium rates charged to employers will offset remaining Department operating costs)

- \* 2.5 FTE salary and fringe benefits
- \* Supplies and Services
- \* Board Member expenses
- \* Rent
- \* Toll-free Telephone Charges

Contractual Services - \$733,600

- \* Legal consulting \$31,000
- \* Actuarial consulting \$350,000
- \* Marketing (promotion development, printing, postage, TV/radio ads and Internet development) \$352,600

AB 543 also reduces the amount premium rates charged to small employers can vary based upon health status and claims experience from the current 30% to 15%.

### Long-Range Fiscal Implications

It is anticipated that this program will become self-sufficient as a portion of the premium charged to participating employers will cover any costs in future years.

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> <b>01-3730/1</b>	<b>Introduction Number</b> <b>AB-543</b>	
<b>Subject</b>		
Small employer insurance rates and general fund loan for private employer health insurance		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$81,850	
(FTE Position Changes)		
State Operations - Other Costs	768,150	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$850,000</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR	850,000	
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$850,000	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
ETF/ Pam Henning (608) 267-2929	Dave Hinrichs (608) 266-3763	10/11/01