

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-1978/2	Introduction Number SB-71
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Subject
 Treatment of prescription drug costs under AODA coverage

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

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

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By OCI/ Jim Guidry (608) 264-6239	Authorized Signature Jorge Gomez (608) 266-3585	Date 4/14/2003
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Fiscal Estimate Narratives

OCI 4/14/2003

LRB Number	03-1978/2	Introduction Number	SB-71	Estimate Type	Original
Subject					
Treatment of prescription drug costs under AODA coverage					

Assumptions Used in Arriving at Fiscal Estimate

OCI reviews policy forms submitted by insurance companies for compliance with Wisconsin Statutes. OCI also performs company examinations to determine compliance with state statutes. The changes proposed in SB-71 will require OCI to incorporate additional reviews in new policy submissions and develop additional procedures when conducting company examinations. OCI estimates that these increases can be absorbed within the agency's existing budget.

The local fiscal effect of SB-71 is more difficult to determine. In 2002 OCI conducted a survey of mandated benefits, one of which was mental health and alcohol and other drug abuse. One finding the study made was that some insurers were not counting prescription medication against the mandatory minimums set by 632.89. Depending on health benefit plan design and the insurer involved, some units of local government will not see any increases in health care costs due to the mandates or they may see decreases from removing these items from the mandatory minimums established in statute. Some cost increases could be assumed by units of local government by individual patients who bump up against the mandatory minimums due to large prescription drug costs of those individuals, however, OCI cannot determine the prevalence of those patients employed by local government. It should be noted, however, that the overall health care costs to local governments would not change dramatically. This bill essentially reclassifies existing costs.

Long-Range Fiscal Implications