

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-4291/1	Introduction Number AB-960
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Subject
 Health insurance purchasing pools

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input 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 type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase 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
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.515 (1) (g)	

Agency/Prepared By ETF/ Vicki Poole (608) 261-7940	Authorized Signature Pam Henning (608) 267-2929	Date 3/30/2004
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Fiscal Estimate Narratives

ETF 4/1/2004

LRB Number 03-4291/1	Introduction Number AB-960	Estimate Type Original
Subject		
Health insurance purchasing pools		

Assumptions Used in Arriving at Fiscal Estimate

The Department of Employee Trust Funds' (ETF) actuary estimates that the bill will cost \$39.25 million in additional claims cost to the state if 5% (232,000) of the 4.6 million private employer eligible population elects coverage under this program. This assumes there is a 5% anti-selection load (which means that the group of private employer members will be on average a 5% worse risk than the state pool on average). Additionally, there is the possibility of a 5% commission load if ETF is required to sell the insurance through agents (recognizing that marketing charges would need to be paid to reimburse agents selling to private employers). This would bring the total state cost to \$78.5 million. If the percentage of private eligible members electing coverage were 10%, then the cost would be 2 x \$78.5 million = \$157 million.

Additionally, this bill provides that the Group Insurance Board (GIB) may permit private sector employers to join, and they would be subject to conditions specified in the contract between the GIB and the insurer in rules promulgated. In other words, the conditions under which private employers may be allowed to join the GIB health insurance could vary considerably.

This estimate is an illustration, not a prediction, of the cost to the state based on possible enrollment. We cannot predict how many private employer members would participate or what the terms and conditions of any contracts developed would be.

Long-Range Fiscal Implications