

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-2680/1	Introduction Number AB-446	
Subject		
Individual, corporate income tax credit for primary care physicians who are under-reimbursed by medical assistance		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> 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 checked="" type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs		
Local:		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> 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		
Fund Sources Affected		
<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 20.566(3)(a)		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
DOR/ Kirstin Nelson (608) 261-8984	Rebecca Boldt (608) 266-6785	6/21/2005

Fiscal Estimate Narratives
DOR 6/21/2005

LRB Number 05-2680/1	Introduction Number AB-446	Estimate Type Original
Subject Individual, corporate income tax credit for primary care physicians who are under-reimbursed by medical assistance		

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable individual and corporate income tax credit for certain costs of providing medical services provided by primary care physicians that are not reimbursed under the Medical Assistance program. The credit is equal to 50% of a physician's unreimbursed costs for the taxable year.

Based on information obtained from the Department of Health and Family Services (DHFS) on medical expenses submitted to the Medical Assistance program, total unreimbursed expenses for medical care submitted directly by primary care physicians for 2004 were approximately \$105 million, and total unreimbursed expenses submitted by primary care physicians to HMOs were \$126 million. Thus, a total of \$231 million in unreimbursed expenses were provided by primary care physicians in 2004 under the Medical Assistance program. A credit for 50% of this amount would create a potential revenue loss of \$115 million. However, it is assumed that not all providers will be eligible for the entire credit based on their income. Assuming 75% of the credit is used, the revenue loss would be approximately \$87 million.

The department will incur one-time costs of \$38,900 for programming to add new credits to the individual and corporate income tax forms. All other costs can be absorbed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 05-2680/1		Introduction Number AB-446	
Subject			
Individual, corporate income tax credit for primary care physicians who are under-reimbursed by medical assistance			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$38,900 for programming to add new credits to the individual and corporate tax forms.			
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		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	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	\$	\$-87,000,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-87,000,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-87,000,000	\$
Agency/Prepared By		Authorized Signature	Date
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