

Fiscal Estimate - 2005 Session

Original Updated Corrected Supplemental

LRB Number **05-3769/1** Introduction Number **AB-807**

Description
 Establishing a publicly financed health care system for residents of this state, creating the Department of Health Planning and Finance, Health Policy Board, and regional consumer health councils, granting rule-making authority, and making appropriations

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

Increase Existing Appropriations Increase Existing Revenues Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations Decrease Existing Revenues Yes No
 Create New Appropriations Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. Increase Costs 3. Increase Revenue 5. Types of Local Government Units Affected
 Permissive Mandatory Permissive Mandatory Towns Village Cities
 Decrease Costs 4. Decrease Revenue Counties Others
 Permissive Mandatory Permissive Mandatory School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR FED PRO PRS SEG SEGS

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Fiscal Estimate Narratives

OCI 11/30/2005

LRB Number	05-3769/1	Introduction Number	AB-807	Estimate Type	Original
Description Establishing a publicly financed health care system for residents of this state, creating the Department of Health Planning and Finance, Health Policy Board, and regional consumer health councils, granting rule-making authority, and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

This bill would establish a universal health plan for Wisconsin residents. OCI is not able to determine what the fiscal impact would be due to the many variables associated with this bill.

There does not appear to be any impact on the regulatory responsibilities of OCI. The bill includes a requirement that the new Department of Health Planning and Finance (DHPP) provide for a complaint process, therefore any complaints received by OCI would be minimal. Also, as more employers are enrolled in the universal health plan, there would be an assumed reduction in health insurance complaints received by OCI.

This bill institutes a payroll tax on employers and an income tax on employees that is roughly equivalent to 100% of their expenditures for health care costs. This tax could cause a migration of employers from commercial insurance to the state run health plan. It is probable that a decrease in health insurer franchise and income tax revenues to the state will result. In 2003, franchise and premium tax revenues for health insurers approximated \$55,500,000 including dental and vision plans, which would also be affected by this bill.

OCI does not have enough information available to determine how great of an impact this bill would have on local government. However, since the bill makes a provision for indexed growth in revenue sources equivalent to the anticipated growth of health care costs under the universal health plan, it is assumed that costs to local government will increase from the original base employer tax. OCI is not able to determine either the base tax or the anticipated increases.

Long-Range Fiscal Implications