



## Fiscal Estimate Narratives

DHFS 5/8/2006

LRB Number	05-0435/1	Introduction Number	AB-1104	Estimate Type	Original
<b>Description</b> Health care for low-income child care workers under the Badger Care health care program, granting rule-making authority, and making appropriations					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, BadgerCare provides healthcare coverage to eligible families and children. A family or a child who does not reside with his or her parent may be eligible for healthcare coverage under BadgerCare if the family's or child's income does not exceed 185% of the federal poverty line and the family or child meets certain nonfinancial criteria. Under current law, family is defined as at least one dependent child and his or her custodial parent or parents who reside in the same household.

This bill expands BadgerCare to provide coverage to individuals who are child care workers who work at least 30 hours per week and who meet the current law income and nonfinancial eligibility requirements. Child care workers do not have to be parents to qualify. Under section 61.02 of the federal Deficit Reduction Act of 2005, no federal funding under Title XXI (SCHIP) may be used to provide coverage to childless adults. The Department could request a waiver of federal law for coverage under Title XIX (Medicaid). However, the Department would be required to demonstrate that the waiver is budget neutral, which would be difficult to establish when proposing an expansion of the program. Therefore, any benefit costs associated with this proposal will likely have to be funded 100% from GPR.

Sections 7 through 16 of the bill do not incorporate the current statutory language in section 49.665 of the statutes. This section was modified by 2005 Wisconsin Act 25 to provide coverage to the unborn children of certain women. The author may wish to have these sections of the bill re-drafted to reflect current law.

According to the U.S. Bureau of Labor Statistics (BLS), there were 11,650 child care workers in Wisconsin based on a November 2004 survey. Using the growth in child care worker salaries from 2003 to 2004 from BLS, the projected 2006 median hourly wage is \$8.57 and the median annual wage is \$17,815. For a single person in 2006, 185% of the federal poverty line (FPL) is equal to \$18,130 (185% x \$9,800). According to the Wisconsin Childcare Research Partnership, 53% of child care workers had access to health insurance in calendar year 2004. This is based on data from 68 of Wisconsin's 72 counties. Furthermore, many child care workers are part-time, according to BLS. For purposes of this estimate, we assume 30% of child care workers work fewer than 30 hours a week. Therefore, about 3,800 child care workers would be eligible for BadgerCare under the bill. Assuming that 70% are between the ages of 21 - 34 and 30% between the ages of 35 - 55, the average capitation rate for females workers would be \$229 per month and for male workers \$147 per month. According to the Department of Workforce Development, about 5% of child care workers are males. Benefit costs to the state are expected to be offset by 5% premiums for 60% of the cases. Therefore, total benefit costs to the state would be approximately \$8,304,000.

The Department would incur administrative costs of \$670,500 in the first year after the bill becomes effective and \$962,100 in the second year and thereafter. The first year costs include \$150,000 of one-time costs to modify the CARES system. Costs are less in the first year since it is assumed that it takes 12 months to ramp up to full enrollment.

No effective date is listed so the bill would become effective immediately upon passage. However, the Department estimates that it would take state staff at least 6 months to incorporate these changes into the CARES eligibility information system. For this reason, the Department would recommend an effective date at least 6 months after the date of passage to allow time to implement the changes.

Individuals who offer child care services out of their homes are not included in this analysis.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-0435/1</b>		<b>Introduction Number</b> <b>AB-1104</b>	
<b>Description</b> Health care for low-income child care workers under the Badger Care health care program, granting rule-making authority, and making appropriations			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  One-time administrative costs of \$150,000 in the first year of implementation.			
<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	\$		
(FTE Position Changes)			
State Operations - Other Costs	962,100		
Local Assistance			
Aids to Individuals or Organizations	10,144,000		
<b>TOTAL State Costs by Category</b>	<b>\$11,106,100</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	9,266,100		
FED			
PRO/PRS	1,840,000		
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	1,840,000		
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$1,840,000</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$11,106,100		\$
NET CHANGE IN REVENUE	\$1,840,000		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DHFS/ Kirstin Nelson (608) 266-5362		Andy Forsaith (608) 266-7684	
		<b>Date</b>	
		5/8/2006	