

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-4087/1	Introduction Number SB-451
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Description
 The Health Insurance Risk-Sharing Plan; creating the Health Insurance Risk-Sharing Plan Authority; a health benefit program for persons eligible for tax credits for payment of premiums; an income and franchise tax credit for Health Insurance Risk-Sharing Plan assessments; and making an appropriation

Fiscal Effect

State:

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

Local:

<input checked="" type="checkbox"/> No Local Government Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
1. <input type="checkbox"/> Increase Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Towns Village Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.435 (4)(u), (4)(v)	

Agency/Prepared By DHFS/ Curtis Cunningham (608) 266-5362	Authorized Signature Andy Forsaith (608) 266-7684	Date 11/28/2005
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Fiscal Estimate Narratives

DHFS 11/28/2005

LRB Number	05-4087/1	Introduction Number	SB-451	Estimate Type	Original
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Assumptions Used in Arriving at Fiscal Estimate

Created by the Legislature in 1980, the Health Insurance Risk-Sharing Plan (HIRSP) provides major medical health insurance coverage to Wisconsin residents who are either unable to find adequate health insurance coverage in the private market due to their medical conditions or have lost their employer-sponsored group health insurance. Excluding the premium and deductible subsidies for low-income policyholders, the expenses of the plan are distributed 60% to policyholders, 20% to insurance companies and 20% to providers. The premium and deductible subsidies are funded 50% by insurers and 50% by providers.

The 2005-07 biennial budget, as passed by the Legislature, transferred responsibility for administering HIRSP to a private non-profit association and eliminated funding for the HIRSP program, beginning January 1, 2006. The governor vetoed the provisions for the transfer of the HIRSP program. However, the Governor's vetoes could not restore funding for the program. Therefore, the enacted 05-07 biennial budget, Act 25, only provides HIRSP spending authority for the first six months of the 05-07 biennium.

Senate Bill 451 transfers HIRSP administrative authority from DHFS to a newly established HIRSP Authority starting July 1, 2006 and makes various funding, eligibility, and benefit changes. Senate Bill 451 provides additional administrative funding of \$3,535,500 SEG and additional benefits funding of \$78,643,800 SEG in FY06 to fully fund HIRSP program costs until the end of FY06. At that time the HIRSP program and budget will be transferred to the newly created HIRSP authority. The FY06 administrative funding does not include administrative costs associated with transitioning to the new authority or with implementing any of the statutory changes that must be implemented by the end of FY06. At this time, no estimate of these costs is available.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$82,179,300 SEG in one time costs.			
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		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
DHFS/ Curtis Cunningham (608) 266-5362		Andy Forsaith (608) 266-7684	11/28/2005