

### Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-4087/1</b>	<b>Introduction Number</b> <b>SB-451</b>
<b>Description</b> 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	
<b>Fiscal Effect</b>	
<b>State:</b>	
<input type="checkbox"/> No State Fiscal Effect	
<input type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Appropriations	<input checked="" type="checkbox"/> Decrease Existing Revenues
<input type="checkbox"/> Create New Appropriations	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Decrease Costs	
<b>Local:</b>	
<input checked="" type="checkbox"/> No Local Government Costs	
<input type="checkbox"/> Indeterminate	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<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"/> Counties	<input type="checkbox"/> Others
<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Cities	
<b>Fund Sources Affected</b>	
<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	
<b>Affected Ch. 20 Appropriations</b>	
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>
DOR/ Pamela Walgren (608) 266-7817	Rebecca Boldt (608) 266-6785
<b>Date</b>	
12/8/2005	

## Fiscal Estimate Narratives

DOR 12/8/2005

LRB Number	05-4087/1	Introduction Number	SB-451	Estimate Type	Original
<b>Description</b> 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					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the health insurance risk-sharing plan (HIRSP) offers health insurance coverage to individuals with adverse medical histories and to others who cannot obtain affordable health coverage from the private sector. HIRSP is funded by three sources: premiums paid by participants (60%), assessments paid by insurance companies doing business in Wisconsin (20%) and a pro rata reduction in billed charges of health care providers (20%).

The bill would create a credit for a percentage of HIRSP assessments paid by insurance companies that would apply to the income and franchise tax and to the insurance premium fees imposed by the Office of the Commissioner of Insurance (OCI). The Department of Revenue, in consultation with OCI, would determine the percentage of the HIRSP assessments paid by insurance companies that would be used to arrive at the amount of the credit. The amount of credit awarded to all claimants must be as close to \$5 million per year as is practicable. The amount of credits awarded for taxable years 2006 and 2007 could not be claimed until taxable year 2008.

The actual fiscal effect of the bill is uncertain since it would depend upon the income and franchise tax and insurance premium fee liabilities of the insurance companies claiming the credit. If the full amount of the 2006, 2007 and 2008 credits were used to offset tax liability and OCI fees in 2008, the bill could lower revenues by \$15 million. If the full amount of credits in later years were used to offset tax liabilities and OCI fees, the credit would reduce state revenues by \$5 million per year.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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  Updated
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<b>LRB Number</b> <b>05-4087/1</b>		<b>Introduction Number</b> <b>SB-451</b>	
<b>Description</b>			
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			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
The bill would have a one-time fiscal effect of up to \$10 million in taxable year 2008 as credits awarded in 2006 and 2007 are first eligible to be claimed.			
<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			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
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		\$	\$-5,000,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$-5,000,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-5,000,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>

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