

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

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By OCI/ Jim Guidry (608) 264-6239	Authorized Signature Jorge Gomez (608) 266-3585	Date 11/30/2005
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Fiscal Estimate Narratives

OCI 11/30/2005

LRB Number 05-4087/1	Introduction Number SB-451	Estimate Type Original
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		

Assumptions Used in Arriving at Fiscal Estimate

SB 451 makes changes to the Health Insurance Risk Sharing Plan (HIRSP) that add to the regulatory responsibilities of OCI. OCI's responsibility includes policy approval of any plan offered by the newly created HIRSP authority. OCI currently reviews policy forms for compliance with state statute as a regular part of its regulatory responsibilities and this new function as a part of HIRSP would fall into that area. However, the bill adds additional criteria for OCI to consider under grounds for disapproval of a policy form that requires OCI to perform comparisons with regard to benefit level, benefit design, and cost sharing as those criteria exist in the private sector. It is assumed that the HIRSP Authority, working with its contracted administrator would provide detailed information, including actuarially based information, that demonstrates that the proposed plans do not meet the criteria for plan disapproval as outlined in sec. 631.20 (2)(f) as it is created in the bill. OCI's oversight function would be limited to review and approval of health plan design and would be absorbed within the agency's existing budget.

OCI is also to work with DOR in determining the amount of an annual tax credit that would be for insurers. This obligation would likely be absorbed in OCI's current budget.

OCI is to determine the annual assessment for each insurer although the commissioner may agree to let the authority assume this function, while retaining oversight. It is presumed that this will occur.

OCI is required to promulgate one rule and has the option to promulgate others. The required rule and other possible actions would be incorporated into OCI's existing schedule for rule promulgation.

OCI will be responsible for the collection and accounting for the HIRSP assessments and would then forward the moneys to the authority. OCI is also responsible for the collection of any grant money's received from the federal government for funding of high risk pools. It is assumed that the HIRSP authority will contract this obligation to the HIRSP administrator, as is the case with the current HIRSP plan administrator. OCI would then exercise review and approval duties that could be absorbed within OCI's current budget.

The bill does not address how the federal high risk pool grant applications are to be made or by whom. It is assumed that the HIRSP Authority will make the high-risk pool grant application, but if this is not the case, some other state agency (not necessarily OCI), would have responsibility under federal statutes for making the application and would need to determine the level of staffing required to accomplish this task on an annual basis.

If the HIRSP Authority is unable to accomplish these tasks, they would fall back to OCI as a responsibility of the agency. This situation would require additional review at that time to determine what level of staffing would be required to fulfill OCI's statutory obligations.

Long-Range Fiscal Implications