

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-2137/1	Introduction Number AB-0392
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Description
 Covering certain private sector employers and their employees under the health care coverage plan for the state and its employees and making an appropriation

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

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

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <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"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input checked="" type="checkbox"/> SEGS	

Agency/Prepared By ETF/ Jon Kranz (608) 267-0908	Authorized Signature Dave Stella (608) 266-3641	Date 6/15/2007
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Fiscal Estimate Narratives

ETF 6/18/2007

LRB Number	07-2137/1	Introduction Number	AB-0392	Estimate Type	Original
Description Covering certain private sector employers and their employees under the health care coverage plan for the state and its employees and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill provides eligibility in the state employee health insurance program under s. 40.51 (6), subject to contract or rule provision, for any person who is not an employer under s. 40.02 (28) and whose average receipts are less than \$30,000,000 over the most recent 3 year period.

According to the Group Insurance Board's actuary, the increased premium costs for CY 2007 would be between \$88.7 million and \$443.4 million depending on the number of individuals choosing to elect coverage. This estimate assumes that approximately 2.7 million individuals would be eligible for coverage and that from 54,000 to 271,000 (2.0% - 10.0% of the eligible population) would elect coverage. Because the decision to opt in or out of the state plan is voluntary, a significant degree of adverse selection is assumed. This means that there is a tendency for those individuals with higher than average medical costs to elect coverage under the program. The financial impact is based on the assumption that the new members would pay the same premium charged for state employees. It also assumes a 7.5% sales commission.

In addition to the increased premium costs described above, the Department would experience increased on-going administrative costs associated with application processing, remittance processing, data entry, communications, and data/image storage costs. There would also be one-time costs associated with necessary modifications to various information technology systems maintained by the Department.

On-going administrative costs (SEG) are estimated to be \$2,369,000 annually based on enrollment of 257,000. Included in this amount are the costs associated with the additional 36.12 FTE staff positions that would be required to implement this program assuming an enrollment volume of 257,000 persons.

During the implementation year, one-time administrative costs (SEG) in addition to the above annual on-going costs are estimated to be \$410,000 for cost associated with information technology system changes, postage, publication revisions, and staff training.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description Covering certain private sector employers and their employees under the health care coverage plan for the state and its employees and making an appropriation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
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, ets.)			
		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	\$		\$
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		Date	
		6/15/2007	