

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-3794/2	Introduction Number AB-0922
Description health insurance coverage of nervous and mental disorders, alcoholism, and other drug abuse problems.	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 30%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around; font-size: small;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div>	
Local:	
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <ol style="list-style-type: none"> 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 </div> <div style="width: 45%;"> <ol style="list-style-type: none"> 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 </div> </div>	
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	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
Agency/Prepared By	
ETF/ Jon Kranz (608) 267-0908	
Authorized Signature	
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Date	
4/4/2008	

Fiscal Estimate Narratives

ETF 4/4/2008

LRB Number	07-3794/2	Introduction Number	AB-0922	Estimate Type	Original
Description health insurance coverage of nervous and mental disorders, alcoholism, and other drug abuse problems.					

Assumptions Used in Arriving at Fiscal Estimate

This bill removes mandated minimum dollar and day limits for mental health (MH) and alcohol and drug abuse (AODA) coverage under current law and requires that coverage for MH/AODA be the same as the coverage under the plan as is provided for the treatment of physical conditions. This would apply to deductibles, co-insurance, lifetime dollar and annual visit limits. This bill will have fiscal effect to the extent that it results in increased claims for MH/AODA coverage provided by insurers under the state employee group health program. The estimated cost is \$12.6 to \$16.3 million dollars annually in 2008 dollars.

According to the group insurance board's consulting actuary, the current cost of MH/AODA for inpatient and outpatient coverage under the state program is 2.3% of total plan cost. This does not include prescription drug coverage, for which this bill is estimated to have no impact. Using its cost models and experience with other clients of similar populations that do not have limits on MH/AODA, the actuary estimates the expected percentage to be 4.0%-4.5% of total plan paid. The estimated increase therefore ranges 1.7% to 2.2%.

Based on an estimated \$740 million 2008 total plan paid, not including prescription drugs, the 2008 fiscal effect of the bill on the state employee health plan would be \$12.6 to \$16.3 million (\$740 million x 0.017% = \$12.6 million; \$740 million x 0.022% = \$16.3 million). For the local employee health plan, the 2008 fiscal effect of the bill is \$2.0 to 2.6 million annually based on an estimated \$120 million health plan cost in 2008.

Long-Range Fiscal Implications

The costs are anticipated to increase annually at a rate similar to the overall increase in health plan costs.