

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1004/1	Introduction Number AB-0024				
Description Exempting amounts claimed for depreciation for purposes of calculating farm and self-employment income under the Medical Assistance and Badger Care health care programs					
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs					
Local: <input 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 <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"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts					
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Fund Sources Affected</td> <td style="width: 50%;">Affected Ch. 20 Appropriations</td> </tr> <tr> <td> <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </td> <td> 20.435 (4)(b), 4(bc), 4(bm), 4(bn), 4(jz), 4(o), 4(p), 4(pa), 4(nn) </td> </tr> </table>		Fund Sources Affected	Affected Ch. 20 Appropriations	<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.435 (4)(b), 4(bc), 4(bm), 4(bn), 4(jz), 4(o), 4(p), 4(pa), 4(nn)
Fund Sources Affected	Affected Ch. 20 Appropriations				
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.435 (4)(b), 4(bc), 4(bm), 4(bn), 4(jz), 4(o), 4(p), 4(pa), 4(nn)				
Agency/Prepared By DHFS/ Kirstin Nelson (608) 266-5362	Authorized Signature Andy Forsaith (608) 266-7684	Date 3/8/2007			

Fiscal Estimate Narratives

DHFS 3/8/2007

LRB Number	07-1004/1	Introduction Number	AB-0024	Estimate Type	Original
Description Exempting amounts claimed for depreciation for purposes of calculating farm and self-employment income under the Medical Assistance and Badger Care health care programs					

Assumptions Used in Arriving at Fiscal Estimate

Currently, when calculating an individual's income for the Medical Assistance or BadgerCare program, if the individual has farm or self employment income, DHFS calculates the amount of that income by adding the amount that the individual claimed for depreciation to the amount of the individual's net taxable income. This bill prohibits the Department from adding any amounts claimed for depreciation to an individual's net taxable or self employment income for purposes of determining MA or BadgerCare eligibility.

Based on 2005 tax revenue data, it is estimated that 32,990 additional individuals will be eligible for Medical Assistance and BadgerCare under the proposed bill. Department staff estimates that 9,900, or 30%, of newly eligible individuals will choose to enroll in the programs. As a result, it is estimated that once fully implemented AB 24 will increase Medical Assistance and BadgerCare benefit costs by \$23,837,900 AF (\$9,010,100 GPR) annually. Assuming an effective date of July 1, 2007, and twelve months to reach the full enrollment, AB 24 will increase Medical Assistance and BadgerCare benefit expenses by \$12,606,600 AF (\$4,698,300 GPR) in FY08 and \$23,837,900 AF (\$8,946,500 GPR) in FY09.

Included in the estimate of benefit costs is the impact on premium revenues the Department would receive to offset BadgerCare benefit costs. Families enrolled in BadgerCare with incomes at or above 150% of the federal poverty level are required to pay premium equal to 5% of their income. It is estimated that once fully implemented AB 24 will increase the number of premium payers by 662. This will increase premium revenues used to offset BadgerCare benefit costs by \$213,700 annually.

The provision will require the Department to evaluate the eligibility of approximately 2,600 new cases. These eligibility determinations are performed by county income maintenance organizations under contract with the Department. The estimated per case annual cost to these agencies for administration of eligibility functions is approximately \$265 AF. As a result, it is estimated that once fully implemented AB 24 will increase Medical Assistance and BadgerCare administrative costs by \$685,100 AF (\$274,400 GPR) annually. Assuming an effective date of July 1, 2007, and twelve months to reach the full enrollment, AB 24 will increase Medical Assistance and BadgerCare administrative expenses by \$471,100 AF (\$188,600 GPR) in FY08 and \$685,100 AF (\$274,400 GPR) in FY09. The FY07 administrative expenditures include one time funding of \$100,000 AF (\$40,000 GPR) to modify the Client Assistance for Re-employment and Economic Support (CARES) system.

Implementation of this proposal would be contingent upon federal approval of a state plan amendment.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1004/1		Introduction Number AB-0024	
Description Exempting amounts claimed for depreciation for purposes of calculating farm and self-employment income under the Medical Assistance and Badger Care health care programs			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The Department will require one-time funding of \$100,000 AF (\$40,000 GPR) in FY07 to change the Client Assistance for Re-employment and Economic Support (CARES) system.			
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	685,100		
Aids to Individuals or Organizations	23,837,900		
TOTAL State Costs by Category	\$24,523,000		\$
B. State Costs by Source of Funds			
GPR	9,220,900		
FED	15,088,400		
PRO/PRS	213,700		
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	213,700		
SEG/SEG-S			
TOTAL State Revenues	\$213,700		\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS	\$24,523,000		\$
NET CHANGE IN REVENUE	\$213,700		\$
Agency/Prepared By		Authorized Signature	Date
DHFS/ Kirstin Nelson (608) 266-5362		Andy Forsaith (608) 266-7684	3/8/2007