

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-2238/1	Introduction Number AB-0596	
Description a health care program for certain veterans, providing an exemption from emergency rule-making procedures, granting rule-making authority, and making an appropriation		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input 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 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<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 20.435(4)(c), 20.435(4)(bm), 20.435(4)(a)		
Affected Ch. 20 Appropriations		
Agency/Prepared By DHFS/ Carrie Schneck (608) 266-5362	Authorized Signature Andy Forsaith (608) 266-7684	Date 3/11/2008

Fiscal Estimate Narratives

DHFS 3/11/2008

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Description a health care program for certain veterans, providing an exemption from emergency rule-making procedures, granting rule-making authority, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates an interim health care plan for Wisconsin veterans. The plan would apply to a veteran between the ages of 18 and 65 who is not eligible for any state or federal health care program, who has not had access to employer-provided health care coverage for at least 90 days, who has been a Wisconsin resident for at least 12 months, and whose income is less than 200 percent of the Geographic Means Test Income Threshold for his or her county of residence. The bill requires the veteran to pay a monthly \$50 premium and co-payments for certain services. Benefits are limited to a cumulative period of 24 months.

DHFS anticipates beginning administrative and computer systems tasks in SFY 2009, and implementing the program on July 1, 2009. While the bill requires the Department to seek federal or private funds that may be available to pay the costs of the plan, the Department is unaware of the existence of any funding sources for this program and anticipates that all costs would need to be paid with general program revenue (GPR) and program revenue (PR).

The Department anticipates one-time costs of \$1 million GPR in FY09 to create a new category in the Client Assistance for Re-employment and Economic Support (CARES) system to determine a veteran's eligibility for this bill's health care plan and to create a new component of the Medicaid Management Information System (MMIS) to process claims. The expected cost of 3.0 FTE staff needed to process applications and administer the program require one-time costs of \$15,600 GPR in FY09 for computers and workstations, and salary and fringe benefits for three staff at an annualized cost of \$171,000 GPR.

To determine the population likely to be affected by this bill, the Wisconsin Department of Veterans Affairs' 2008 estimated income distribution and veteran population data was combined with information from the 2000 National Survey of Veterans regarding uninsurance rates among veterans. The National Survey data indicated a 15.3 percent uninsurance rate; this rate was adjusted downward to reflect Wisconsin's lower-than-average uninsurance levels. For this estimate, it was assumed that 9.49 percent of the 147,950 veterans in Wisconsin with annual income between \$30,000 and \$80,000 would be uninsured, resulting in 13,600 Wisconsin veterans potentially eligible for this bill's health plan. Given that some uninsured veterans will avail themselves of the bill's 24 month-maximum eligibility criteria by enrolling only when they have a medical need, and that benefit programs enrollment rates are frequently lower than 50 percent, a 25 percent enrollment rate was used to estimate the number of potential enrollees. It could be expected that as many as 3,400 veterans would apply for the health plan.

It is assumed that the Department will require all enrollees to participate in an HMO and that health services can be purchased at the average Medicaid rate for the gender and age composition of this population. Given these assumptions, the benefits cost would be \$8,834,400 AF per year for approximately 3,400 veterans to participate in the program. Revenues from premium payments would be expected to yield \$2,036,400 PR, resulting in an annualized cost of \$6,798,000 GPR.

Illinois began a similar program for its veterans in September 2006, and has experienced lower than anticipated enrollment rates. After two years of program implementation, only 130 veterans have enrolled in the program. Possible reasons for low enrollment rates include a significantly lower income threshold than proposed in this bill, administrative barriers such as requiring an in-person appointment for benefits application, and crowd-out provisions requiring a six month period of no access to employer-based insurance prior to application for the Illinois program. Illinois' overall population is approximately twice that of Wisconsin's, but veterans comprise a similar proportion of the population. In light of Illinois' experience, a lower number of 500 Wisconsin enrollees might be projected, which yields an estimated benefits cost of \$1,301,300 AF per year. Premium revenue of \$300,000 PR per year would decrease the GPR benefits cost to \$1,001,300.

Since the Illinois program has a number of significant differences and data on the number of potential

veterans in Wisconsin suggests enrollment may be much greater than 500 participants, a midpoint benefits and enrollment estimate for this bill's interim health care program will be used. If approximately 2,000 veterans enrolled in the health plan, the benefits expense would be \$5,067,900 AF. Premiums would yield approximately \$1,168,200 in PR, resulting in an annual benefits cost of \$3,899,700 GPR.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description a health care program for certain veterans, providing an exemption from emergency rule-making procedures, granting rule-making authority, and making an appropriation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
The estimate includes one time costs in SFY 2009 of \$1 million GPR to create a new category in the Client Assistance for Re-employment and Economic Support (CARES) system to determine a veteran's eligibility for the health care plan and to create a new component of the Medicaid Management Information System (MMIS) used to pay claims. In addition, the estimate includes \$15,600 for computers and workstations for three FTE needed to administer the program.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$171,000		\$
(FTE Position Changes)	(3.0 FTE)		
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	5,067,900		
TOTAL State Costs by Category	\$5,238,900		\$
B. State Costs by Source of Funds			
GPR	4,070,700		
FED			
PRO/PRS	1,168,200		
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	1,168,200		
SEG/SEG-S			
TOTAL State Revenues	\$1,168,200		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$5,238,900		\$
NET CHANGE IN REVENUE	\$1,168,200		\$
Agency/Prepared By		Authorized Signature	Date
DHFS/ Carrie Schneck (608) 266-5362		Andy Forsaith (608) 266-7684	3/11/2008