

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09a1218/1	Introduction Number AA1-AB512	
Description No "relating to" information exists for this document		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" 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 checked="" 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		
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 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 Sean Dilweg (608) 266-3585	Date 1/28/2010

Fiscal Estimate Narratives

OCI 1/28/2010

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Assumptions Used in Arriving at Fiscal Estimate

Assembly Amendment 1 to Assembly Bill 512 would include an exemption for employers to the requirements of s. 632.89(3) Wis. Stat. (in AB 512) if a health plan experiences a total cost increase of two percent in the first year of the plan, and one percent in any plan year after the first plan year in which the requirements apply. The cost increases are to be determined by a qualified actuary. The actuary's determination and documentation are to be filed with OCI and OCI is required to make the documents available to the public

AA1 to AB 512 requires a group health plan and a self-insured health plan to notify the commissioner if it elects to be exempt from the requirements of s. 632.89 (3) Wis. Stat. and provides the Commissioner with rulemaking authority to specify the manner in which this information is to be reported.

AA1 to AB 512 also provides an exemption to employers with fewer than 10 employees. Employers who opt to be exempt in a plan year must notify the Commissioner and all enrollees under the employer's group health benefit plan. The Commissioner is required to promulgate rules that specify the information that employers are to provide in the notice to employees and to the Commissioner.

While the impact of this AA1 is uncertain, the potential exists for a large number of employers taking advantage of the ability to opt out of the requirements of s. 632.89(3) Wis. Stat. if their costs increase above 1 or 2%, given the plan year involved. Likewise, an indeterminable number of very small employers would also opt for exemption under the amendment. OCI would experience cost increases on two fronts.

First, OCI would be required to analyze the actuarial determination filed by an employer to ensure its accuracy. OCI does not have position authority for an actuary and would therefore need to contract for actuarial services to ensure the soundness of the report. Such an actuarial contract would cost approximately \$75,000 annually.

Additionally, OCI would need to collect information from employers who elect to be exempt from the requirements of s. 632.89(3) Wis. Stats. as required by AA1. OCI would need to add positions to accomplish this task. It is difficult to determine how many employers will file for exemption, however, given the rulemaking involved with this requirement it is assumed that a minimum of two advanced examiner positions would be necessary to fulfill the obligations required of OCI. The employee cost of 2 Advanced Examiner positions, fringe benefits, supplies and services would cost approximately \$206,000 annually.

Since this fiscal estimate request was submitted to OCI a substitute amendment was introduced by the authors of AB 512 which will reduce OCI's determination of the agency fiscal effect.

The local fiscal effect is indeterminate. OCI does not have information available to make a determination of the number of local governments that may make an exemption election and how much that exemption may affect their costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description No "relating to" information exists for this document			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): Workstation, software for 2 agency advanced examiners- \$13,000			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$200,300		\$
(FTE Position Changes)	(2.0 FTE)		
State Operations - Other Costs	81,100		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$281,400		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS	281,400		
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, etc.)			
	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	\$281,400		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By Authorized Signature Date			
OCI/ Jim Guidry (608) 264-6239		Sean Dilweg (608) 266-3585	1/28/2010