



## Fiscal Estimate Narratives

DHS 2/26/2010

LRB Number	<b>09-4007/4</b>	Introduction Number	<b>SB-553</b>	Estimate Type	<b>Original</b>
<b>Description</b> Assessment on critical access hospitals; payments to critical access hospitals under the Medical Assistance Program; creating a rural physician residency assistance program; the physician, dentist, and health care provider loan assistance programs; and making appropriations					

### Assumptions Used in Arriving at Fiscal Estimate

SB 553 establishes an assessment on critical access hospitals (CAH) operating in Wisconsin and directs the revenue raised through this assessment to be used for payments to critical access hospitals, funding for health care provider loans and rural physician assistance, and a transfer to the Medicaid Trust Fund.

The Department estimates that the assessment of CAH will generate \$10,579,500 in revenue annually, based on the SFY 2008 CAH gross patient revenue and the SFY 2010 hospital assessment rate of 1.6077%.

This revenue and the associated federal MA matching fund (\$11,243,200) would be used in the following ways:

- Payments to CAH: The Department would make payments of \$17,049,200 (\$5,899,000 SEG, \$11,150,200 FED) in SFY 2011 based on the methodology established under s. 49.45 (3) (e) 11. Federal MA regulations establish upper limits on payments to providers funded through provider assessments. The Department has concluded that the \$17,049,200 in payments to CAH will not exceed this limit.
- Funding for health care provider loans and rural physician assistance: the bill establishes \$250,000 SEG for health care provider loans and \$750,000 SEG for rural physician assistance in SFY 2011;
- Transfer to the Medicaid Trust Fund: The Department estimates \$3,680,500 will remain after payments to CAH and funding for health care provider loans and rural physician assistance and will be transferred to the Medicaid Trust Fund in SFY 2011. The bill increases expenditure authority in s. 20.435 (4)(w) so that this transferred funding can be used to offset the non-federal share of other MA payments.

This bill will generate GPR savings of \$3,680,500 through the use of SEG funding generated through the provider assessment and transferred to the Medicaid Trust Fund.

These savings will be applied to the legislatively-mandated Medicaid savings target under Act 28.

### Long-Range Fiscal Implications

The Department currently receives an enhanced federal MA rate under The American Recovery and Reinvestment Act of 2009 (ARRA). When this enhanced rate ends in December 31, 2010, the federal funding claimed through the assessment revenue will decline, increasing the amount of SEG required for the provider payments and reducing the amount available to offset GPR in MA programs.

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> Assessment on critical access hospitals; payments to critical access hospitals under the Medical Assistance Program; creating a rural physician residency assistance program; the physician, dentist, and health care provider loan assistance programs; and making appropriations			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations	21,730,000	-3,680,500
	<b>TOTAL State Costs by Category</b>	<b>\$21,730,000</b>	<b>\$-3,680,500</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		-3,680,500
	FED	11,150,500	
	PRO/PRS		
	SEG/SEG-S (multiple)	10,579,500	
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S (20.435)	10,579,500	
	<b>TOTAL State Revenues</b>	<b>\$10,579,500</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
	NET CHANGE IN COSTS	\$18,049,500	\$
	NET CHANGE IN REVENUE	\$10,579,500	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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