

### Fiscal Estimate - 2011 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number 11-2252/1</b>		<b>Introduction Number AB-0282</b>		
<b>Description</b> Relating to: tax-exempt accounts for health care expenditures for an individual's parents				
<b>Fiscal Effect</b>				
<b>State:</b>				
<input type="checkbox"/> No State Fiscal Effect				
<input checked="" type="checkbox"/> Indeterminate				
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues		
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues		
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input checked="" type="checkbox"/> Decrease Costs		
<b>Local:</b>				
<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		
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		
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS				
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>		<b>Date</b>
DHS/ William Emslie (608) 266-5380		Andy Forsaith (608) 266-7684		10/24/2011

## Fiscal Estimate Narratives

DHS 10/24/2011

LRB Number 11-2252/1	Introduction Number AB-0282	Estimate Type Original
<b>Description</b> Relating to: tax-exempt accounts for health care expenditures for an individual's parents		

### Assumptions Used in Arriving at Fiscal Estimate

AB 282 provides that an adult child of a parent may establish an account for his or her parent to pay for health care expenses of the parent. The bill also provides that an adult child may deduct from their Wisconsin taxable income an amount up to \$2,000 per parent, but not more than \$4,000 annually.

Further, this bill requires the Department of Health Services (DHS) to request and implement any waivers of federal Medicaid laws or state plan amendments necessary to exempt the account from liability as a third party for payments under the Medicaid program.

While the bill directs DHS to exempt the savings accounts from third party liability, the bill may affect some individuals' eligibility for Medicaid. Under this bill, individuals with a balance in an account authorized under this bill may be required to spend down the account as a condition of Medicaid eligibility as the value of the account would be a countable asset in eligibility determination. Also, individuals enrolled in Medicaid and who also receive contributions to an account authorized under this bill may lose Medicaid eligibility as contributions to an account authorized under this bill would be countable income under Medicaid eligibility policy.

To the extent that parents whose adult children contribute to an account authorized under this bill apply for Medicaid and those contributions impact the parents' Medicaid eligibility, there may be a small reduction in caseload, resulting in nominal savings to the Medicaid program. However, any savings to Medicaid as a result of accounts established under this bill will be minimal and cannot be estimated.

### Long-Range Fiscal Implications