

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-4871/1	Introduction Number AB-0746
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Description
 BadgerCare purchase option, basic plan, state-based insurance exchange, and granting rule-making authority

Fiscal Effect

State:

- | | | |
|---|--|---|
| <input type="checkbox"/> No State Fiscal Effect
<input type="checkbox"/> Indeterminate
<input type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Decrease Costs |
|---|--|---|

Local:

- | | | |
|--|--|---|
| <input type="checkbox"/> No Local Government Costs
<input type="checkbox"/> Indeterminate
1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input type="checkbox"/> Decrease Revenue
<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

- GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By

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Date

12/8/2023

Fiscal Estimate Narratives

OCI 12/8/2023

LRB Number	23-4871/1	Introduction Number	AB-0746	Estimate Type	Original
Description BadgerCare purchase option, basic plan, state-based insurance exchange, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department of Health Services to request federal approval to permit certain individuals whose income is greater than the income eligibility limit for the BadgerCare program, but who otherwise meet the eligibility requirements, to purchase coverage through BadgerCare through a separate purchase option that meets criteria specified in the bill, including having a premium rate similar to the average rate paid by the state to managed care plan contractors and a minimum actuarial value of 87 percent. The bill also requires DHS to include an option for small groups of 50 employees or fewer to purchase coverage for group members under the purchase program under the bill. The bill requires DHS to submit a report providing information on the status of receiving a federal waiver and the results from actuarial and economic analyses that are necessary for a waiver proposal. If any necessary waiver or state plan amendments are approved, DHS must implement the program. The bill also requires DHS to seek any federal waiver and state Medical Assistance plan amendments necessary to allow qualified individuals who choose to purchase the BadgerCare option to use advanced tax credits and cost-sharing credits, if eligible, to purchase one of these options.

The bill requires DHS to develop a plan and request federal approval to create a basic health plan that complies with the federal Patient Protection and Affordable Care Act (ACA). The basic health plan must cover individuals whose household income does not exceed 200 percent of the federal poverty line. The ACA allows states to create such a basic health program.

This bill directs the Office of the Commissioner of Insurance (OCI) to establish and operate a state-based health insurance exchange, which must also include access to the ability to enroll in the purchase option for BadgerCare. Under current law, the ACA requires that an exchange be established in each state to facilitate the purchase of qualified health insurance coverage by individuals and small employers. Under the ACA, a state must operate its own state-based exchange, use the federally facilitated exchange operated by the U.S. Department of Health and Human Services, or adopt a hybrid approach under which the state operates a state-based exchange but uses the federal platform, known as HealthCare.gov, to handle eligibility and enrollment functions. Wisconsin currently uses the federally facilitated exchange. The bill authorizes OCI to enter into any agreement with the federal government necessary to implement the state-based exchange provisions.

Governor Tony Evers recommended in his proposed 2023-2025 state budget that OCI transition to a state-based exchange using the federal Healthcare.gov platform before ultimately developing our own state-based platform. In Governor Evers' budget, he estimated that OCI would need 10 additional FTE employees to initiate that first phase toward a state-based health exchange. The cost of the program was proposed at \$5,247,300 per year.

Long-Range Fiscal Implications