

## Fiscal Estimate - 2001 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 01-0416/2		<b>Introduction Number</b> SB-133	
<b>Subject</b> Universal health care			
<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"/> 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 type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs	
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs			
<input checked="" 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 checked="" type="checkbox"/> Towns	<input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input checked="" type="checkbox"/> Counties	<input checked="" type="checkbox"/> Others <u>employers</u>
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.435 (1), (4), (5), (6), (7)			
<b>Agency/Prepared By</b> DHFS/ Anne Miller (608) 266-5422		<b>Authorized Signature</b> Fredl Ellen Bove (608) 266-2907	<b>Date</b> 10/9/01

## Fiscal Estimate Narratives

DHFS 10/9/01

LRB Number	01-0416/2	Introduction Number	SB-133	Estimate Type	Original
<b>Subject</b>					
Universal health care					

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates a Department of Health Planning and Finance (DHPF), a Health Policy Board, and six Regional Health Councils to administer a universal health care plan, available to all Wisconsin residents. This bill's significant fiscal effect is in providing a universal health care benefit in Wisconsin. By July 1, 2003, DHPF, the Health Policy Board and the six Regional Health Councils would be required to begin planning implementation of a universal health plan. The bill requires the universal health care plan to be established beginning on July 1, 2004, but the bill allows the plan to be phased in for a number of groups. Therefore any fiscal effect of this bill would not occur before FY 04.

The proposed universal health plan would provide a broad and comprehensive range of services including a full prescription drug benefit, community long term care services and nursing home care to all residents. Residents may, in addition to receiving state administered universal health care, purchase private health care coverage. For those residents with private health coverage, the proposed plan would be the payer of last resort.

This bill does not appropriate funding to plan, implement or provide universal health care. However, this bill directs DHPF to seek the use of federal, state, and local funds that would have been used for health care administration and benefits to Wisconsin residents under current programs. The bill also directs DHPF to consider seeking an increase in personal income taxes and employer wage taxes, equal to the amount employers and individuals would have paid for health care, to pay for universal health care.

It is possible, under this bill, that increased state costs for providing universal health care could be offset by increased revenue from employers, individuals, the federal government and local municipalities and by savings created in a state-wide system of health care delivery. However, the bill identifies only the mechanism under which the state could capture additional revenue to cover the costs of a universal health plan. It is unclear, given the complexity of the proposed plan, whether the state could implement the necessary regulations and waivers to increase state revenue to cover increased costs. Thus this bill's state fiscal effect is indeterminate.

This bill's local fiscal effect is also indeterminate. Local municipalities currently pay for health care plans for employees and some health care for residents without the means to pay for themselves (indigent care). Counties are currently responsible for providing mental health, substance abuse and developmental disability services. Counties use Community Aids and local funds to fund these programs. Counties will realize a savings if the state assumes responsibility for these services as proposed under this bill, unless the state implements a mechanism to capture all the local funds currently used for these services. Under this bill, DHPF could seek legislation to capture local funds spent in employee health care programs and in state administered health care programs to pay for a universal health plan. The bill does not direct DHPF to seek legislation to capture local funds spent on local health programs.

### Long-Range Fiscal Implications

Health care costs in the state and nationwide have been increasing significantly faster than the rate of inflation. Although universal health care may achieve some efficiencies in providing health care in Wisconsin, the state would bear the full burden of growth in health costs in the future.