

Fiscal Estimate Narratives

DHFS 4/11/2006

LRB Number	05-4523/2	Introduction Number	AB-1148	Estimate Type	Original
Description An assessment on large employers that reduce or eliminate health care coverage, providing an exemption from emergency rule procedures, requiring the exercise of rule-making authority, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Department of Health and Family Services (DHFS) administers the Badger Care program to provide comprehensive health care coverage to eligible children and families. In general, children or families are eligible for Badger Care if their income does not exceed 185% of the federal poverty line and they do not have access to employer-subsidized health care coverage for which the employer subsidizes at least 80% of the cost.

This bill prohibits a for-profit employer employing 10,000 or more full or part time employees (large employer) in the state from reducing or eliminating health care coverage if the large employer knows or should know that this reduction or elimination could result in the enrollment of the child or the family of an employee in Badger Care. The bill allows DHFS to impose an assessment of not more than \$250,000 on any large employer that violates the provisions of the bill. The bill requires DHFS to deposit any assessments collected into the Medical Assistance trust fund.

The fiscal impact of this bill is indeterminate. The fiscal impact would depend on the insurance status of individuals working for these employers, the methodology developed by rule to determine the assessments, and whether employers reduce or eliminate insurance coverage to their workers and therefore become subject to the assessment. There is at least one private employer in Wisconsin with over 10,000 employees. Since this large employer would face a potential financial penalty if it reduced insurance coverage, this bill has the potential to either (a) avoid future additional Badger Care or Medicaid costs or (b) increase assessment reviews to the MA trust fund. The exact amount of any cost avoidance or assessment revenue would depend on the future behavior of the employer and the rules for the assessment.

In addition, the Department would require approximately \$30,000 in one time administrative funding to create a database to track BadgerCare adult recipients employed by a particular employer.

Long-Range Fiscal Implications