

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-1031/1	Introduction Number AB-119
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Subject
 Exempting from farm income amounts claimed for depreciation for purposes of MA and BadgerCare eligibility

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Costs
 - Permissive Mandatory
- 2. Decrease Costs
 - Permissive Mandatory
- 3. Increase Revenue
 - Permissive Mandatory
- 4. Decrease Revenue
 - Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected

- GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Affected Ch. 20 Appropriations

20.435 (4)(b), 4(bc), 4(bm), 4(bn), 4(jz), 4(o), 4(p), 4(pa), 4(nn)

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Fiscal Estimate Narratives

DHFS 6/14/2005

LRB Number	05-1031/1	Introduction Number	AB-119	Estimate Type	Original
Subject					
Exempting from farm income amounts claimed for depreciation for purposes of MA and BadgerCare eligibility					

Assumptions Used in Arriving at Fiscal Estimate

Currently, when calculating an individual's income for the Medical Assistance or BadgerCare program, if the individual has farm or self employment income, DHFS calculates the amount of that income by adding the amount that the individual claimed for depreciation to the amount of the individual's net taxable income. This bill prohibits the Department from adding any amounts claimed for depreciation to an individual's net taxable or self employment income for purposes of determining MA or BadgerCare eligibility.

Based on 2003 tax revenue data, it is estimated that 32,460 additional individuals will be eligible for Medical Assistance and BadgerCare under the proposed bill. Department staff estimates that 9,738, or 30%, of newly eligible individuals will choose to enroll in the programs. As a result, it is estimated that once fully implemented AB 119 will increase Medical Assistance and BadgerCare benefit costs by \$21,071,800 AF (\$8,887,600 GPR) annually. Assuming an effective date of July 1, 2005, and twelve months to reach the full enrollment, AB 119 will increase Medical Assistance and BadgerCare benefit expenses by \$11,166,000 AF (\$4,708,900 GPR) in FY06 and \$21,071,800 AF (\$8,887,600 GPR) in FY07.

Included in the estimate benefit costs is a reduction in the amount of premium revenues the Department would receive to offset BadgerCare benefit costs. Families enrolled in BadgerCare with incomes at or above 150% of the federal poverty level are required to pay premium equal to 5% of their income. It is estimated that once fully implemented AB 119 will reduce the number of premium payers by 1,417. This will reduce premium revenues used to offset BadgerCare benefit costs by \$500,200 annually.

The provision will require the Department to evaluate the eligibility of approximately 2,316 new cases. These eligibility determinations are performed by county income maintenance organizations under contract with the Department. The estimated per case annual cost to these agencies for administration of eligibility functions is approximately \$265 AF. As a result, it is estimated that once fully implemented AB 119 will increase Medical Assistance and BadgerCare administrative costs by \$614,300 AF (\$307,200 GPR) annually. Assuming an effective date of July 1, 2005, and twelve months to reach the full enrollment, AB 119 will increase Medical Assistance and BadgerCare administrative expenses by \$432,700 AF (\$217,800 GPR) in FY06 and \$614,300 AF (\$307,200 GPR) in FY07. The FY06 administrative expenditures include one time funding of \$100,000 AF (\$51,400 GPR) to modify the Client Assistance for Re-employment and Economic Support (CARES) system.

Implementation of this proposal would be contingent upon federal approval of a state plan amendment.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
The Department will require one-time funding of \$100,000 AF (\$51,400 GPR) in FY06 to change the Client Assistance for Re-employment and Economic Support (CARES) system.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance	614,300	
	Aids to Individuals or Organizations	21,071,800	
	TOTAL State Costs by Category	\$21,686,100	\$
B. State Costs by Source of Funds			
	GPR	9,194,800	
	FED	12,491,300	
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS (20.435(4)(jz))		-500,200
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-500,200
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$21,686,100	\$
	NET CHANGE IN REVENUE	\$-500,200	\$
Agency/Prepared By		Authorized Signature	Date
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