

Fiscal Estimate Narratives

DOR 6/21/2005

LRB Number	05-2263/1	Introduction Number	AB-445	Estimate Type	Original
Subject					
Individual income tax credit for dentists who are under-reimbursed by Medical Assistance					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable individual and corporate income tax credit for dentists for certain costs of providing dental services that are not reimbursed under the Medical Assistance program. The credit is equal to 50% of a dentist's unreimbursed costs for the taxable year.

Based on information obtained from the Department of Health and Family Services (DHFS) on the dental expenses submitted to the medical assistance program, total unreimbursed dental expenses submitted directly by dentists for 2004 were approximately \$33 million, and total unreimbursed dental expenses submitted to HMOs under the program were \$5.6 million. Thus, a total of \$38.6 million in unreimbursed expenses were provided by dentists in 2004. If dentists claim a credit for 50% of this amount, the revenue loss could potentially be about \$19.3 million. However, it is assumed that not all providers would be eligible for the entire credit based on their income. Assuming 75% of the credit could be used, the bill will result in a revenue decrease of \$14.3 million.

The department will incur one-time costs of \$38,900 to add new credits to the individual and corporate tax forms. All other costs can be absorbed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Individual income tax credit for dentists who are under-reimbursed by Medical Assistance			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$38,900 for programming to add new credits to the individual and corporate tax forms.			
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			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
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		\$	\$-14,300,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-14,300,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-14,300,000	\$
Agency/Prepared By		Authorized Signature	Date
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