

### Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-3657/1</b>	<b>Introduction Number</b> <b>AB-779</b>	
<b>Description</b> Increasing the rate of the tax imposed on cigarettes; increasing the Medical Assistance nursing home and hospital outpatient reimbursement rates; increasing Medical Assistance reimbursement for projected caseload increases; transferring moneys to the Medical Assistance trust fund; increasing the Medical Assistance, BadgerCare, and Senior Care pharmacy drug reimbursement rates and pharmacy dispensing fees; and making appropriations.		
<b>Fiscal Effect</b>  <b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" 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 checked="" 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 type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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		
<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 type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.435(4)(b),(bc),(bv),(o),(p),and (pg)		
<b>Agency/Prepared By</b> DHFS/ Richard Megna (608) 266-9359	<b>Authorized Signature</b> Andy Forsaith (608) 266-7684	<b>Date</b> 11/10/2005

## Fiscal Estimate Narratives

DHFS 11/10/2005

LRB Number	05-3657/1	Introduction Number	AB-779	Estimate Type	Original
<b>Description</b> Increasing the rate of the tax imposed on cigarettes; increasing the Medical Assistance nursing home and hospital outpatient reimbursement rates; increasing Medical Assistance reimbursement for projected caseload increases; transferring moneys to the Medical Assistance trust fund; increasing the Medical Assistance, BadgerCare, and Senior Care pharmacy drug reimbursement rates and pharmacy dispensing fees; and making appropriations.					

### Assumptions Used in Arriving at Fiscal Estimate

This Bill increases the tax on cigarettes to provide additional funding for Medicaid, BadgerCare and SeniorCare for increases in specified provider reimbursement rates and to provide a General Fund transfer to the Medicaid Trust Fund. The fiscal analysis here only addresses the programs administered by the Department of Health and Family Services and does not attempt to estimate the revenue impact of the cigarette tax change.

The bill would appropriate funding to Medicaid, BadgerCare, SeniorCare, and the Medicaid Trust Fund as follows:

(1) Medicaid Nursing Home Rate Increase: Additional funding of \$12,189,900 AF (\$5,141,700 GPR) in FY 06 and \$23,734,500 AF (\$10,118,000 GPR) in FY 07 would be provided to increase the reimbursement rate for nursing home services provided to Medicaid recipients. This funding would allow nursing home rates to be increased by 1.4% in FY 06 and another 1.4% in FY 07. The 2005-07 biennial budget did not provide any rate increase for nursing homes although both the Governor and Legislature had proposed 1.4% rate increases through different funding mechanisms.

(2) Pharmacy Reimbursement Rates in Medicaid, BadgerCare and SeniorCare: Total funding of \$11,745,100 AF (\$5,241,100 GPR) in FY 06 and \$17,611,600 AF (\$7,900,500 GPR) in FY 07 would be provided to (a) increase the reimbursement rate for brand prescription drugs in the Medicaid, BadgerCare and SeniorCare programs from average wholesale price minus 16% (AWP-16%) to AWP-13% and (b) increase the dispensing fee for drugs dispensed to \$4.38 from \$3.88. These proposed changes would fully offset the reduction in reimbursement rates adopted in the 2005-07 biennial budget act.

(3) Medicaid Outpatient Hospital Reimbursement Rate: Provide \$5,927,000 AF (\$2,500,000 GPR) in FY 06 and \$5,864,400 AF (\$2,500,000 GPR) in FY 07 to increase the reimbursement rate for Medicaid outpatient hospital services.

(4) Medicaid Caseload Increases: Provide \$1,185,400 AF (\$500,000 GPR) in FY 06 and \$2,345,800 AF (\$1,000,000 GPR) in FY 07 to support caseload increases in the Medicaid program.

(5) Transfer to Medicaid Trust Fund: Transfer \$46,409,100 GPR in FY 06 and \$13,800,000 GPR in FY 07 from the General Fund to the Medicaid Trust Fund. These amounts reflect the anticipated deficits that are expected to occur in the Medicaid Trust Fund under the 2005-07 biennial budget.

The total impact of the changes above would be additional General Fund expenditures of \$77,456,400 AF (\$59,791,900 GPR) in FY 06 and \$63,356,300 AF (\$35,318,500 GPR) in FY 07. The total 2005-07 biennial effect would be \$140,812,700 AF (\$95,110,400 GPR).

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  There are one-time transfers of \$46,409,100 in FY 06 and \$13,800,000 in FY 07 from the General Fund to the Medicaid Trust Fund.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	49,556,300		
<b>TOTAL State Costs by Category</b>	<b>\$49,556,300</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	21,518,500		
FED	28,037,800		
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State	Local	
NET CHANGE IN COSTS	\$49,556,300		\$
NET CHANGE IN REVENUE	\$		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DHFS/ Richard Megna (608) 266-9359		Andy Forsaith (608) 266-7684	11/10/2005