

## Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-4198/1</b>		<b>Introduction Number</b> <b>AB-959</b>	
<b>Description</b> Health insurance coverage for children, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, requiring the exercise of rule-making authority, and making appropriations			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <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 <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		4. <input type="checkbox"/> Decrease Revenue <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 type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DHFS/ Kirstin Nelson (608) 266-5362		Andy Forsaith (608) 266-7684	4/10/2006

## Fiscal Estimate Narratives

DHFS 4/11/2006

LRB Number	<b>05-4198/1</b>	Introduction Number	<b>AB-959</b>	Estimate Type	<b>Original</b>
<b>Description</b> Health insurance coverage for children, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, requiring the exercise of rule-making authority, and making appropriations					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, DHFS administers the Medical Assistance (MA) and Badger Care programs to provide comprehensive health care coverage to enrollees. In general, children under age 6 whose family income does not exceed 185% of the federal poverty level (FPL) and children over age 6 whose family income does not exceed 100% of FPL are eligible for MA. Certain disabled or blind children are also eligible for MA. Children whose family income does not exceed 185% of FPL and who do not have access to an employer-subsidized health insurance plan for which the employer subsidizes at least 80% of the cost are generally eligible for Badger Care. Family income may increase up to 200% of FPL before a family already enrolled in Badger Care loses eligibility. Enrollees with family income in excess of 150% of FPL must pay a monthly premium.

The bill requires DHFS to administer the All Kids program that would provide health care coverage to certain children under the age of 19 regardless of the child's family income. The child must be a resident of Wisconsin and must not be eligible for MA or Badger Care. The child must also not be a resident of an institution for mental diseases or an inmate of a public institution and must satisfy at least one of the following health care coverage conditions: 1) the child has been without health insurance coverage for a period of time established by DHFS (at least 6 months upon program implementation, incrementally increasing to at least 12 months); 2) the child's parent lost access to affordable employer-sponsored health insurance for the child as a result of job loss; 3) the child is a newborn without access to affordable employer-sponsored health insurance; or 4) the child lost eligibility for MA or Badger Care in the previous 12 months. The bill authorizes DHFS to establish cost-sharing requirements for enrollees including monthly premiums (based on family income), copayments, or coinsurance. If a required monthly premium is not paid on time, the child is terminated from All Kids and cannot reenroll for at least 3 months.

Benefits under All Kids are the same as under MA except that All Kids does not cover nonemergency transportation services. The bill authorizes DHFS to subsidize a health insurance plan for an enrollee rather than providing the MA benefits if the subsidy is cost-effective. The bill also authorizes DHFS to provide a limited package of health care benefits to children who satisfy all of the eligibility criteria except the health care coverage conditions and are either enrolled in a high-deductible health insurance plan or a health insurance plan that does not cover all of the benefits covered under All Kids.

The department estimates that about 41,400 kids would be eligible for the All Kids program created under the bill. The department assumes that about 25% of these, or about 10,400 kids, would actually enroll in the program. Assuming kids begin to enroll in July 2006 and the enrollment is phased in over fiscal year 2007, costs associated with the program for FY07 would be approximately \$14,322,200. Assuming that about 35% of these costs are offset by premiums paid by individual enrollees, total costs to the state for FY07 would be approximately \$9,309,400. Monthly net annualized costs starting in FY08 would be \$1,496,200. Projected costs for FY08 and fiscal years thereafter are approximately \$17,953,900. This estimate does not assume any federal matching funds would be available to partially offset these costs.

Administrative costs to the department include one-time costs of \$750,000 to \$800,000 for 6 to 7 months of development time (8,000 to 9,000 hours) for CARES and annual ongoing costs of \$1,520,000 for income maintenance eligibility determination (IM) administrative expenses. In addition, the Medicaid fiscal system (MMIS) would have one-time costs of \$670,000 for implementation and annual operational costs of \$250,000. Total costs associated with this proposal are \$1,470,000 in one-time costs and \$1,770,000 in ongoing costs.

### 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>  \$1,470,000 for development and implementation.			
<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	1,770,000		
Local Assistance			
Aids to Individuals or Organizations	17,953,900		
<b>TOTAL State Costs by Category</b>	<b>\$19,723,900</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	19,723,900		
FED			
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>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$19,723,900		\$
NET CHANGE IN REVENUE	\$		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DHFS/ Kirstin Nelson (608) 266-5362		Andy Forsaith (608) 266-7684	4/10/2006