



## Fiscal Estimate Narratives

DHFS 3/8/2006

LRB Number	<b>05-3677/3</b>	Introduction Number	<b>SB-440</b>	Estimate Type	<b>Original</b>
<b>Description</b> An assessment on large employers that do not provide subsidized health care coverage, extending the time limit for emergency rule procedures, 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, employers are not required to provide healthcare coverage for their employees. Senate Bill 440 requires an employer employing 10,000 or more full or part time employees in the state that does not provide family health care coverage under a group health insurance plan for which the employer pays at least 80% of the costs, excluding deductibles and co-payments, to all of its full-time and part-time employees to pay the Department of Health and Family Services (DHFS) an assessment that is equal to the cost incurred by society as a result of the employer not providing that coverage. The bill requires DHFS to deposit any assessments collected under the bill in the Medical Assistance trust fund. DHFS is required to develop and promulgate through rules a methodology to calculate numerous costs to society associated with individuals not having access to employer sponsored insurance.

The fiscal impact of Senate Bill 440 is indeterminate. The fiscal impact would depend on the insurance status of individuals working for these employers, the methodology developed through rule to determine the assessments, and whether employers opt to provide insurance coverage to their workers in order to avoid the assessment. There is at least one private employer in Wisconsin with over 10,000 employees. In 2005, there were 3,858 family Medicaid and BadgerCare cases, 754 Medicaid family planning waiver cases, and 93 Medicaid elderly/blind/disabled cases where one person in the household was working for this firm. In these cases there were 5,759 eligible individuals receiving health coverage through family Medicaid and BadgerCare, 759 eligible individuals receiving coverage through the family planning waiver, and 91 eligible elderly/blind/disabled individuals. At an average monthly cost of \$189 per month for family Medicaid enrollees, \$182 per month for BadgerCare enrollees, \$21 per month for family planning waiver enrollees, and \$719 per month for elderly/blind/disabled enrollees, the state would save up to \$13,956,300 (\$5,501,800 GPR) annually if this employer decided to provide health insurance coverage to these individuals. If this employer does not provide insurance coverage, the state's assessment against the employer would depend on the rules for determining the assessment developed by DHFS based on criteria in the bill. The assessment would likely exceed the state's cost of providing Medicaid and BadgerCare coverage to the employer's staff.

In addition, the Department would require approximately \$100,000 AF (\$50,000 GPR) in one time administrative funding for contract staff to develop the methodology for the assessment.

### Long-Range Fiscal Implications