



## Fiscal Estimate Narratives

OCI 2/24/2012

LRB Number	11-3462/2	Introduction Number	AB-0530	Estimate Type	Original
<b>Description</b> Reports on implementation of federal health reform					

### Assumptions Used in Arriving at Fiscal Estimate

This bill will require OCI to provide a detailed report to the legislature regarding costs incurred by the agency as a result of implementing the Affordable Care Act (ACA) and federal money received since March 23, 2010. Included in this report OCI must detail the number of insurance companies that offer health care plans along with an analysis of any change in the number of insurers offering health care plans since March 23, 2010.

Additionally OCI is required to include in its annual report under s. 601.46 Wis. Stat., a review of the effect of the implementation of ACA on rates of health care plans not issued through a governmental body including the "average" rate of each health care plan in the annual report.

The fiscal effect of this bill is indeterminable. Providing the information requested in Section 1 of the bill will require the agency to devote additional resources annually in order to meet the reporting requirements. The agency should be able to absorb those resource demands within the scope of the Agency's existing budget.

The requirement in Section 2 of the bill to compile and report health insurance rate changes will require OCI to survey health insurers in Wisconsin for data related to their rating before and after the implementation of the ACA, which health insurers may consider proprietary and could object to providing the information. Responding to these objections would require the use of OCI resources.

The type of analysis required by the bill will involve an actuarial review of all the variables that may factor into a health insurance rate, or to review any actuarial justifications put forth by the health insurers when they respond to OCI's request for information. OCI does not have position authority for a staff actuary and would be required to contract out for this review. Depending on the scope of the analysis, this contract is expected to cost between \$50,000 and \$100,000. Since OCI would be required to report this information annually, this contract would be an ongoing expenditure.

### Long-Range Fiscal Implications