

Fiscal Estimate Narratives

UWS 7/28/2017

LRB Number	17-3762/1	Introduction Number	AB-0445	Estimate Type	Original
Description the Badger Health Benefit Authority, health benefit exchange operation, granting rule-making authority, and providing a criminal penalty					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates the Badger Health Benefit Authority (authority), which would operate the Wisconsin Health Benefit Exchange. The Exchange would make qualified health plans available to qualified individuals and employers, specifying that a qualified employer is a small employer with not more than 100 employees. A qualified health plan is defined generally as a plan as described in the federal Patient Protection and Affordable Care Act (PPACA).

As drafted this bill has no direct fiscal impact on the University of Wisconsin (UW) System in terms of its purchasing of employee health insurance, as the UW System is not a qualified employer to purchase insurance through the Exchange and would continue to purchase insurance in its current manner. However, two provisions within the draft bill could impact UW System. The first provision requires the authority to develop recommendations on whether qualified employers should be limited to small employers. If the authority determined that large employers should be included in the Exchange UW System might be impacted by this bill. At that point the legislature would have to change the definition of a "qualified employer" for the bill to include larger employers. Even then, UW System would not be required to participate. At this time it is impossible to know what that impact would be and any attempt would be highly speculative.

The second provision that could impact UW System requires the authority to "select, and award grants to, entities to serve as navigators for conducting public education activities and distributing information about, and facilitating enrollment in qualified health plans." The PPACA currently fund three Navigator entities in Wisconsin. The largest Navigator entity, Covering Wisconsin, is operated under a UW program based in UW-Madison's school of Human Ecology and affiliated with UW-Extension. Covering Wisconsin is in the third year of a three-year federal funding period, through which it receives about \$1 million annually to serve 23 counties in southern Wisconsin. If the bill established an ongoing program to support Navigators, the funding could be an opportunity for Covering Wisconsin to continue its work.

If enacted, the bill could have effects on the insurance market such that some carriers enter and leave the market. These changes could impact insurance pricing overall, affecting the prices for large purchasers such as UW System, but UW does not currently have the authority to decide which health plans to offer employees. The Department of Employee Trust Funds has authority over the purchase and administration of employee health plans for UW. These effects are impossible to predict and are outside the direct effects of the bill.

Long-Range Fiscal Implications