

Fiscal Estimate Narratives

DOA 2/7/2018

LRB Number	17-5154/1	Introduction Number	AB-0885	Estimate Type	Original
Description Wisconsin Healthcare Stability Plan, reinsurance of health carriers, reallocating savings from health insurer fee, providing an exemption from emergency rule procedures, granting rule-making authority, and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 885 (AB 885) creates the Wisconsin Healthcare Stability Plan (WIHSP), which is a state-based reinsurance program for health carriers, subject to the approval of a waiver of the federal Patient Protection and Affordable Care Act (ACA). WIHSP makes a reinsurance payment to a health carrier if the claims for an individual who is enrolled in a health benefit plan of the carrier exceed designated threshold amounts. WIHSP is administered by the Commissioner of Insurance.

AB 885 requires the Secretary of the Department of Health Services (DHS) to ensure that a lapse is made to the general fund of up to \$80,000,000, as determined by the Secretary of the Department of Administration (DOA), from the general purpose revenue (GPR) appropriation for the Medical Assistance program. If a fee imposed under the Affordable Care Act is no longer applicable to insurers participating in the state's group health insurance program or the Medical Assistance program, the Secretary of DOA is directed to calculate the expected savings to state agencies from avoiding the fee.

The Secretary of DOA must then, in the biennium in which the savings calculation is made, transfer the program revenue based on the savings calculated to the general fund or adjust state agency employer contributions for state employee fringe benefit costs in the biennium following the biennium in which the savings is calculated, or both. Any program revenue transferred based on calculated savings may be allocated to an appropriation account to be used for WIHSP or reinsurance.

Under AB 885, DOA is required to determine the amount to be lapsed to the general fund from the Medical Assistance program GPR appropriation and calculate the savings associated with the elimination of any fee previously imposed on insurers participating in the state's group health insurance program or the Medical Assistance program under the ACA.

For purposes of this estimate, it is assumed that any workload associated with the calculation of the lapse amount or any ACA related savings, as well as any associated financial transactions, can be accomplished with existing staff and resources.

Long-Range Fiscal Implications