

### Fiscal Estimate - 2017 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 17-5290/1	<b>Introduction Number</b> SB-009 (JR8)
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**Description**  
 creation of a savings account program in the Medical Assistance program

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase 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"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	3. <input type="checkbox"/> Increase Revenue	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
<input type="checkbox"/> Indeterminate	3. <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
1. <input type="checkbox"/> Increase Costs	4. <input type="checkbox"/> Decrease Revenue	
1. <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.435(4)(a); (4)(bm); (4)(bn); (4)(n); (4)(nn); 4(pa)

<b>Agency/Prepared By</b> DHS/ Angela Waltz (608) 266-5362	<b>Authorized Signature</b> Andy Forsaith (608) 266-7684	<b>Date</b> 1/30/2018
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## Fiscal Estimate Narratives

DHS 1/30/2018

LRB Number	17-5290/1	Introduction Number	SB-009 (JR8)	Estimate Type	Original
<b>Description</b> creation of a savings account program in the Medical Assistance program					

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department to request a federal waiver to create and implement a Medicaid Savings Account (MSA) program. The bill intends for these accounts to be similar in function and operation to traditional health savings accounts. The bill specifies that the Department may not require MSA program participation of individuals who are elderly, blind, or disabled.

This bill provides broad flexibility for the Department to design the MSA program. The Department estimates that there are approximately 313,000 adult BadgerCare Plus members who could be eligible to participate in an MSA program, including BadgerCare Plus childless adults, parents, and caretakers. Federal law requires states to limit an individual's mandatory monthly MSA contribution to no more than 5% of household income. This means that a childless adult Medicaid member near Wisconsin's upper eligibility income limit (100% of the FPL) could be required to contribute no more than \$50 per month, or \$600 per year, to an MSA. For purposes of this estimate, it is assumed that approximately half, or 157,000, eligible Medicaid members would actually make monthly contributions to an MSA account.

The Department anticipates that design and implementation of the MSA program would result in a number of administrative costs. The Department would need to contract with either a third-party administrator or managed care HMOs to process account transactions. Ongoing administrative costs for these services are estimated at \$3.8 million all funds (\$1.9 million GPR) per year. MSA account data would also need to be integrated into the Medicaid Management Information Services (MMIS) system so that account funds can be disbursed as member cost-share payments. One-time development costs are estimated at \$1.6 million all funds (\$0.4 million GPR). Member communications related to the MSA program, including monthly account statements, are estimated to be \$1.9 million AF (\$0.9 million GPR) per year. Member communications prior to program implementation are expected to add an additional \$0.5 million all funds (\$0.2 million GPR) in one-time startup costs. Customer support costs from Income Maintenance agencies and Milwaukee Enrollment Services (MiLES) are estimated at \$426,000 all funds (\$74,000 GPR) per year. Finally, the Department would require additional position authority for 2.0 FTEs to administer and evaluate this program at an estimated annual cost of \$0.2 million all funds (\$0.1 million GPR).

In sum, annual ongoing administrative and operational cost for the MSA program are estimated at \$6.5 million all funds (\$3.1 million GPR) per year. One-time startup costs for the program are estimated at \$2.1 million all funds (\$0.6 million GPR).

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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**Description**  
 creation of a savings account program in the Medical Assistance program

**I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

One-time costs for member communications, Medicaid Management Information System changes, and FTE startup costs. Total estimated startup costs of \$2,076,000 all funds (\$1,438,000 FED/ \$638,000 GPR).

<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs

A. State Costs by Category		
State Operations - Salaries and Fringes	\$226,000	\$
(FTE Position Changes)	(2.0 FTE)	
State Operations - Other Costs	6,270,300	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$6,496,300</b>	<b>\$</b>

B. State Costs by Source of Funds		
GPR	3,069,055	
FED	3,427,245	
PRO/PRS		
SEG/SEG-S		

**III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)**

	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>

**NET ANNUALIZED FISCAL IMPACT**

	State	Local
NET CHANGE IN COSTS	\$6,496,300	\$
NET CHANGE IN REVENUE	\$	\$

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