

Detailed Estimate of Annual Fiscal Effect

FISCAL ESTIMATE

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB Number	Amendment No. if Applicable
Bill Number	Administrative Rule Number INS Ch 19 ER

Subject:
The Wisconsin Healthcare Stability Plan and affecting small business.

Fiscal Effect State:

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No
 Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected
 GPR FED PRO PRS SEG SEG-S

Affected Chapter 20 Appropriations
s. 20.145 (5), Stats.

Assumptions Used in Arriving at Fiscal Estimate

The Office of the Commissioner of Insurance (OCI) engaged Wakely, a consulting and actuarial firm, to assist the Office in developing its actuarial and economic analysis supporting a federal section 1332 waiver. The 1332 waiver will permit the state to obtain federal funds to stabilize the Wisconsin healthcare market through reinsurance payments for eligible high-cost healthcare claims. The enabling legislation, 2017 Wis. Act 138, established an appropriation not to exceed \$200 million of general purpose revenue for the 2019 plan year. However, under a recent analysis, it is more likely that the state will only be required to fund roughly 25% of the program and the federal "pass through" will support the remaining 75% of the program's cost. If the state can demonstrate that its proposal will reduce the amount of federal funds needed to support federal subsidies, the federal government with "pass through" the difference to the state. As a result of the reinsurance program it is estimated that premiums for consumers will be approximately 13% lower than if the state did not have a reinsurance program for 2019.

The proposed emergency rule does not have a fiscal impact as the emergency rule establishes the structure of the reinsurance program and sets the attachment point, coinsurance rate and reinsurance cap. The emergency rule also establishes the requirements for eligible insurers to participate in the reinsurance plan including; data submissions, attestation of the accuracy of claims submitted for reinsurance, and the ability to audit and recapture any overpayments. The OCI can absorb within the agencies budget any cost associated with implementing WIHSP and the OCI can assess insurers for compliance audits.

Long-Range Fiscal Implications

Although the waiver is renewable for additional years, it is not known at this time whether the state will continue following the 2019 plan year.

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