

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** August 31, 2023

Original Fiscal Note ☒

Substitute Fiscal Note ☐

**SUBJECT:** A resolution authorizing and directing the Department of Human Resources – Employee Benefit Division to create a Health Reimbursement Account (HRA) to provide travel benefits to reimburse County employees traveling out of state to receive medical services

### FISCAL EFFECT:

- |   |  |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact   | <input type="checkbox"/> Increase Capital Expenditures |
| <input checked="" type="checkbox"/> Existing Staff Time Required  | <input type="checkbox"/> Decrease Capital Expenditures |
| <input checked="" type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input type="checkbox"/> Absorbed Within Agency's Budget  | <input type="checkbox"/> Decrease Capital Revenues     |
| <input checked="" type="checkbox"/> Not Absorbed Within Agency's Budget   |  |
| <input type="checkbox"/> Decrease Operating Expenditures  | <input type="checkbox"/> Use of contingent funds       |
| <input type="checkbox"/> Increase Operating Revenues  |  |
| <input type="checkbox"/> Decrease Operating Revenues  |  |

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$0	\$31,200
	Revenue	\$0	\$0
	Net Cost	\$0	\$31,200
Capital Improvement Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
- A. Approval of this resolution will authorize and direct the Department of Human Resources to create a Health Reimbursement Account (HRA) that would provide limited reimbursement for employee travel expenses when seeking medical care out of state.
- B. The HRA would be established effective January 1, 2024. Therefore, no expenses are anticipated for 2023. For 2024, the estimated cost to provide this benefit is \$31,200. This includes a \$1,200 administrative charge from the current provider of the County's Flexible Spending Account (FSA) benefit to add an HRA component. Given there is no experience on potential utilization, an estimate of \$30,000 is provided for Year 1. This estimate considers the following factors:
  - Employees with single health insurance coverage may be reimbursed expenses annually up to \$1,000.
  - Employees with spouse and/or dependents coverage may be reimbursed expenses annually up to \$2,000.
  - Employees may be reimbursed for mileage using the IRS medical mileage rate (For 2023 this is \$0.22 per mile).
  - Travel must be from the State of Wisconsin to another U.S. state.
  - Lodging may be reimbursed at the IRS maximum rate of \$50 per day for the participant or \$100 per day if traveling with a caregiver.
  - Meals and other expenses shall not be eligible for reimbursement.

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<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

- Employees may also receive reimbursement for medical travel from their existing Flexible Spending Account (FSA) if they elected to participate. The County subsidizes employee FSA accounts with a \$1 to \$1 match up to \$1,000. Employees must “use it or lose it” by the end of the plan year. Also, employees may use their health insurance coverage to get certain travel expenses reimbursed for limited situations involving cancer, congestive heart care, kidney care, and transplants. These other opportunities for reimbursement, coupled with the limited reimbursement in the HRA to comport with Internal Revenue Service (IRS) limits on tax-exempt medical reimbursement, were factors in the development of the fiscal estimate.

C. There are no budgetary impacts for 2023. For 2024, the estimated budgetary impact is \$31,200. Funding would need to be included in Agency 194 Account 1950 – Employee Fringe Benefits in the 2024 Budget.

D. No assumptions were used.

Department/Prepared By    Steve Cady, Research and Policy Director, Office of the Comptroller

Authorized Signature        *Stephen J. Cady*

Did DAS-Fiscal Staff Review?    ☐    Yes                      ☒    No

Did CBDP Review?<sup>2</sup>                      ☐    Yes                      ☐    No                      ☒ Not Required