MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: September 20, 2011

Original Fiscal Note ☒

Substitute Fiscal Note ☐

SUBJECT: A resolution to authorize and direct the development of a consumer-driven health care plan for Milwaukee County employees and retirees to better educate consumers and control costs

FISCAL EFFECT:

☒ No Direct County Fiscal Impact

☒ Existing Staff Time Required

☐ Increase Operating Expenditures
(If checked, check one of two boxes below)

☐ Absorbed Within Agency's Budget

☐ Not Absorbed Within Agency's Budget

☐ Decrease Operating Expenditures

☐ Increase Operating Revenues

☐ Decrease Operating Revenues

☐ Increase Capital Expenditures

☐ Decrease Capital Expenditures

☐ Increase Capital Revenues

☐ Decrease Capital Revenues

☐ Use of contingent funds

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	0
	Revenue	0	0
	Net Cost	0	0
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. [1] 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.

Approval of this resolution will authorize and direct the Director of the DAS - Employee Benefits Division to develop a potential consumer-driven health care plan option for Milwaukee County employees/retirees and their dependents. This will require an expenditure of staff time, but will not require an expenditure of funds. However, if extensive use of the County's health care actuary is necessary to develop a CDHC Plan, additional costs may be incurred.

The potential savings from implementing a consumer-driven health care plan are dependent on how the plan is structured as far as employer and employee contributions. It should be noted that the budgeted expenditure for basic health benefits in 2011 is $126.4 million. A one percent savings would lowers costs by $1.26 million, while a five percent savings could net more than $6.3 million in health care savings. As health care costs increase, these savings would increase as well.

Department/Prepared By Steve Cady, Fiscal and Budget Analyst, County Board

Authorized Signature Stephen A. Cady

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

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[1] 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.