

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION
Revision 1

April 19, 2005

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB3374 by Taylor (Relating to the dissolution, suspension, and reactivation of the Texas Health Reinsurance System.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to the dissolution, suspension, and reactivation of the Texas Health Reinsurance System. The bill requires the State Auditor's Office (SAO) to conduct a final audit of transactions necessary to close out the Texas Health Reinsurance System according to a plan approved by the Commissioner of Insurance.

The SAO anticipates that the Texas Health Reinsurance System would close during FY 2007, and the SAO would begin audit planning during late FY 2006. Costs are estimated at \$33,000 for the first year (500 hours x \$66 for the current billing rate), and the remaining audit work would be conducted and completed in FY 2007 with costs estimated at \$165,000 (2,500 hours x \$66 for the current billing rate). In addition, the SAO anticipates travel costs estimated at \$7,000 for FY 2007 and additional operating costs associated with the implementation of the bill.

According to the SAO, the System is required to reimburse the general revenue fund for the cost of the audit.

The bill would take effect immediately upon receiving a two-thirds majority vote in each house. Otherwise, the bill would take effect September 1, 2005.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 308 State Auditor's Office, 454 Department of Insurance

LBB Staff: JOB, SD, JRO, MW, NV