

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 4, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

IN RE: SB23 by Nelson (Relating to promoting the purchase and availability of health coverage.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB23, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>DEPT INS OPERATING</i> <i>ACCT</i> 36	Probable (Cost) from <i>DEPT INS OPERATING</i> <i>ACCT</i> 36	Change in Number of State Employees from FY 2007
2008	\$450,131	(\$450,131)	6.0
2009	\$410,308	(\$410,308)	6.0
2010	\$410,308	(\$410,308)	6.0
2011	\$410,308	(\$410,308)	6.0
2012	\$410,308	(\$410,308)	6.0

Fiscal Analysis

The bill would amend the Insurance Code relating to promoting the purchase and availability of health coverage. The bill would require the Texas Department of Insurance (TDI) to establish a TexLink to Health Coverage Division to educate the public about health coverage, promote the purchase of health coverage, assist individuals and small employers with technical information necessary to understand health coverage products, promote and facilitate the development of health coverage options, and increase public awareness of health coverage. The bill would require TDI to develop public service announcements, printed materials, and an internet website and would allow the division to produce a newsletter, operate a toll-free hotline, conduct health coverage fairs, and participate in community events. The bill would amend the definitions and regulations of children's health benefit plans and

small employer health benefit plans. The bill would require the commissioner to adopt by rule the minimum benefits required to be provided under children's health benefit plans. The bill would require the commissioner to adopt rules regarding the eligibility of single-employee businesses for health group cooperatives. The bill would require TDI to create a specialty certification program for agents who market small employer benefit plans.

The bill would authorize TDI to obtain funding from certain grants and gifts and would require TDI to set application and renewal fees for the specialty certification program in an amount necessary to cover the certification program established by the bill, but not to exceed \$100. The bill would establish that a specialty certification provided under the provisions of the bill would expire on the third anniversary of the date of issuance. The bill would also require all revenues generated by the bill to be deposited to the credit of General Revenue-Dedicated Fund 36.

The bill would provide that TDI may begin issuing specialty certifications established by the bill no later than January 1, 2008. The bill would take effect on September 1, 2007.

Methodology

Based on the analysis of TDI, it is assumed there would be costs associated with establishing the TexLink to Health Coverage Division at TDI. Costs for the TexLink to Health Coverage Division would include salaries for 6.0 FTEs, one Manager IV, one Web Administrator II, two Insurance Specialists II, one Administrative Assistant III, and one Marketing Specialist III, in the amount of \$217,545 each fiscal year with associated benefit costs of \$61,543 each fiscal year. Other costs and operating expenses, including contracting with an accountant with experience in federal tax law, travel, equipment, and printing, are assumed to be \$96,043 in fiscal year 2008 and \$56,220 in subsequent fiscal years.

Costs for the specialty certification for agents selling health insurance to small employers would include the computer programming and Web design costs as well as payments to a vendor to develop the certification and continuing education materials and administer the testing. These costs would be covered by a fee of \$75 for a two-year small employer agent certification. Based on this fee, TDI assumes that in fiscal years 2008 and 2009 there would be 1,000 agents applying for certification for a revenue gain of \$75,000 each fiscal year. It is assumed in fiscal year 2010 there would be 1,000 new agents apply for certification and 1,000 agents renew certification for a revenue gain of \$150,000. It is assumed in fiscal year 2011 there would be 500 new agents apply for certification and 1,000 agents renew certification for a revenue gain of \$112,500. It is assumed in fiscal year 2012 there would be 500 new agents apply for certification and 1,500 agents renew certification for a revenue gain of \$150,000.

Since TDI is required to generate revenues equivalent to its costs of operation under current law, this analysis assumes that all costs incurred in excess of revenues generated would be paid for from General Revenue - Dedicated Fund 36 from either existing fund balances or insurance maintenance tax revenues. This analysis does not assume that any revenues would be realized from authorized grants and gifts.

Technology

There will be a one-time technology impact of \$8,664 in fiscal year 2008.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 529 Health and Human Services Commission, 537 State Health Services, Department of, 701 Central Education Agency

LBB Staff: JOB, KJG, MW, SK