

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 16, 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.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for SB23, Committee Report 1st House, Substituted: 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 (Cost) from <i>DEPT INS OPERATING</i> <i>ACCT</i> 36	Probable Revenue Gain from <i>DEPT INS OPERATING</i> <i>ACCT</i> 36	Change in Number of State Employees from FY 2007
2008	(\$375,131)	\$375,131	6.0
2009	(\$335,308)	\$335,308	6.0
2010	(\$335,308)	\$335,308	6.0
2011	(\$335,308)	\$335,308	6.0
2012	(\$335,308)	\$335,308	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. 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 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.

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.

Since TDI is required to generate revenues equivalent to its costs of operation under current law, this analysis assumes that all costs incurred would be paid for from General Revenue - Dedicated Fund 36 from either existing fund balances or insurance maintenance tax revenues. These costs could be offset by any gifts or grants received by TDI.

Technology

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

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