

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 31, 2009

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

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

IN RE: HB2881 by Martinez, "Mando" (Relating to the establishment of the Texas Affordable Health Care Benefit Program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2881, As Introduced: a negative impact of (\$822,770) through the biennium ending August 31, 2011.

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
2010	(\$329,870)
2011	(\$492,900)
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$329,870)	\$0	3.5
2011	(\$492,900)	\$0	6.5
2012	(\$478,551)	\$478,551	6.5
2013	(\$478,551)	\$478,551	6.5
2014	(\$478,551)	\$478,551	6.5

Fiscal Analysis

The bill would amend the Insurance Code to create the Texas Affordable Health Care Benefit Program (the Program). The bill would require the Texas Department of Insurance (TDI) to adopt rules to implement the provisions of the bill, including a sliding scale for premiums. The bill states that the Program would be funded by assessments to health benefit plan issuers in an amount equal to one percent of the gross premiums collected by the health benefit plan issuer for health plans issued under this program. Additionally, the bill would allow TDI to assess participating health benefit plan issuers as necessary to pay for reimbursements to health plan issuers for any losses incurred due to participating in the program.

The bill would require a health benefit plan issuer to annually report to TDI the number of individuals covered under a health benefit plan issued by the issuer under the Program and the gross premiums collected by the health benefit plan issuer for health benefit plans issued under the Program.

The bill would require to develop the Program and the Program to be operational by September 1, 2010. The bill would take effect September 1, 2009.

Methodology

This analysis is of the administrative costs and revenue generated to fund those costs of the Program. Based on the analysis provided by TDI, the bill would result in a cost of 3.5 full-time-equivalent positions (FTEs) with salary costs of \$236,040, associated benefits of \$67,436, and telephone, consumable supplies, and other operating expenses of \$26,395 for fiscal year 2010. In fiscal years 2011 to 2014, the Program would require 6.5 FTEs with salary costs of \$361,720, associated benefits of \$103,343 and telephone, consumable supplies and other operating expenses of \$13,488. In fiscal year 2011, one time equipment costs would be \$14,349.

This analysis assumes that the assessments to the health benefit plan insurers would begin in fiscal year 2012 due to the Program's implementation period; therefore no revenue collections are reflected in fiscal years 2010 and 2011.

This analysis does not assume costs for the reimbursements to health plan issuers for any losses incurred due to participating in the program. Based on analysis provided by TDI, this amount cannot be quantified. However, it is assumed that the amount of the reimbursements and corresponding negative impact on General Revenue would equal the amount of the assessments, or corresponding positive impact on General Revenue. It is also assumed that the assessments and reimbursements would begin in fiscal year 2012.

Technology

The provisions of the bill would have a technology impact of \$5,776 in fiscal year 2010 and \$4,332 in fiscal year 2011.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: JOB, KJG, MW, CH