LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 28, 2009

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

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

IN RE: **SB485** by Deuell (Relating to medical loss ratios of health benefit plan issuers.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB485, Committee Report 1st House, Substituted: an impact of $0 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	$0
2011	$0
2012	$0
2013	$0
2014	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from *Insurance Maint Tax Fees* 8042	Probable (Cost) from *Insurance Maint Tax Fees* 8042	Change in Number of State Employees from FY 2009
2010	$167,380	($167,380)	2.0
2011	$78,299	($78,299)	1.0
2012	$78,299	($78,299)	1.0
2013	$78,299	($78,299)	1.0
2014	$78,299	($78,299)	1.0

Fiscal Analysis

The bill would amend the Insurance Code to require preferred provider benefit plans to annually report their medical loss ratio with the Texas Department of Insurance (TDI). The bill would require TDI to include this information on the agency’s website and to adopt rules to implement the provisions of the bill. The bill would take effect on September 1, 2009.

Methodology

It is assumed that TDI would design and implement a process to annually collect, verify, and store the loss ratio data, which would require 0.5 full-time-equivalent positions (FTEs) for a research specialist and another 0.5 FTE for an actuary to develop the system in fiscal year (FY) 2010. Additionally, to review and continue to run the data collection, TDI would require 1.0 FTE in each fiscal year from 2010 to 2014.

In FY 2010, the 2 FTEs would cost $124,988 for salaries, with $35,709 in associated benefits; $2,075 for telephone, consumables, and other operating expenses; and $4,608 for one-time equipment expenses. In each fiscal year from 2011 to 2014, the 1 FTE would cost $59,286 for salaries with $16,938 in associated benefits and $2,075 for telephone, consumables and other operating expenses.

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 from General Revenue-8042 Insurance Maintenance Taxes from either existing fund balances or insurance maintenance tax revenues.

Technology

The bill would have a technology impact of $1,444 in fiscal year 2010.

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