

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 8, 2009

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

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

IN RE: SB714 by Van de Putte (Relating to regulation of the secondary market in certain physician and health care provider discounts; providing administrative penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB714, As Introduced: 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 Savings/(Cost) from <i>Dept Ins Operating Acct</i> 36	Probable Revenue Gain/ (Loss) from <i>Dept Ins Operating Acct</i> 36	Change in Number of State Employees from FY 2009
2010	(\$229,955)	\$229,955	3.0
2011	(\$215,956)	\$215,956	3.0
2012	(\$215,956)	\$215,956	3.0
2013	(\$215,956)	\$215,956	3.0
2014	(\$215,956)	\$215,956	3.0

Fiscal Analysis

The bill would amend the Insurance Code to provide for regulation of entities acting as contracting agents in the secondary market for certain physician discounts. The bill would also require the commissioner of insurance to adopt rules as necessary.

The bill would take effect September 1, 2009 and would only apply to contracts entered into or renewed on or after January 1, 2010.

Methodology

Based on analysis from TDI, it is assumed costs for implementing this bill would include salaries for an additional 3 full-time-equivalent positions (FTEs) in the amount of \$163,126 each fiscal year (FY), with associated benefit costs of \$46,605. The FTEs would investigate complaints and propose rules for the regulation of discount brokers. One-time equipment costs in FY 2010 would be \$13,999. It is assumed other operating expenses to include telephone and consumable supplies would be \$6,225 each fiscal year.

Since General Revenue Dedicated Account Fund 36 is a self-leveling account, this analysis assumes the costs to implement this bill would come from fund balances or the maintenance tax would be set to recover a higher level of revenue.

Technology

There would be a one-time technology impact of \$4,332 in fiscal year 2010 for computer hardware and software at TDI.

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