

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 22, 2009

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: SB2339 by Shapiro (Relating to the regulation of discount health care programs by the Texas Department of Insurance; providing penalties.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2339, Committee Report 1st House, Substituted: a positive impact of \$12,909 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	\$12,909
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>Insurance Maint Tax</i> <i>Fees</i> 8042	Probable Revenue Gain from <i>Insurance Maint Tax</i> <i>Fees</i> 8042
2010	\$134,000	(\$121,091)	\$0	\$0
2011	\$67,000	(\$67,000)	(\$44,875)	\$44,875
2012	\$67,000	(\$67,000)	(\$44,875)	\$44,875
2013	\$67,000	(\$67,000)	(\$44,875)	\$44,875
2014	\$67,000	(\$67,000)	(\$44,875)	\$44,875

Fiscal Year	Change in Number of State Employees from FY 2009
2010	2.0
2011	2.0
2012	2.0
2013	2.0
2014	2.0

Fiscal Analysis

The bill would amend the Insurance Code to establish the registration and regulation of discount

health care programs at the Texas Department of Insurance (TDI). The bill would also amend the Health and Safety Code to repeal the discount health care program registration process through the Texas Department of Licensing and Regulation (TDLR). The bill would require TDI to create the registration process, regulate the programs, and adopt rules to implement this program. The bill would require the discount health care program operator to pay TDI an initial registration fee of \$1,000 and an annual renewal fee not to exceed \$500.

The elimination of the discount health care program registration process at TDLR would take effect on April 1, 2010. The enforcement of the new program at TDI would take effect on April 2, 2010. Except as stated above, the bill would take effect on September 1, 2009.

Methodology

This analysis assumes revenue collected from discount health care program registration fees would be deposited into General Revenue and that revenues collected from the fees would be used to offset costs for the regulation requirements of the bill. Since TDI is a self-leveling agency, this analysis also assumes the costs to implement the provisions of the bill above amounts collected and deposited to the credit of the General Revenue fund would be covered from fund balances or maintenance tax revenues.

Based on analysis provided by TDLR, 34 discount health care programs are currently registered. Preliminary research conducted by TDI indicates that additional discount plans may still be operating without being registered, which would result in an increase in at least 100 more discount health plans due to the implementation of the bill.

Implementation of the bill would require an additional 2 FTEs at TDI to create and operate the registration process. For each fiscal year of 2010-14, the 2 FTEs will cost \$83,787 in salaries with associated benefits cost of \$23,938, and telephone, consumable, and other operating costs of \$4,150. Additionally, a one-time equipment cost of \$9,216 is anticipated in fiscal year 2010.

Since TDLR is statutorily required to cover the costs of its operation from generated fee revenues, this analysis assumes a cost savings of \$17,000 each fiscal year in General revenue would offset a corresponding revenue loss of the same amount from renewals for 34 discount health care programs that would not be collected. Accordingly, the overall fiscal implication to TDLR is assumed to be insignificant. Furthermore, it is also assumed that duties and responsibilities for TDLR related to implementing the provisions of the bill could be absorbed within existing resources.

Technology

The bill would have a technology impact of \$2,888 in fiscal year 2010 to TDI.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 452 Department of Licensing and Regulation, 454 Department of Insurance

LBB Staff: JOB, CL, MW, CH