LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 15, 2015

TO: Honorable John Frullo, Chair, House Committee on Insurance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3006** by Coleman (Relating to certain penalties paid to the Texas Health Insurance Risk Pool.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3006, As Introduced: a negative impact of ($65,600,000) through the biennium ending August 31, 2017.

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
2016	($32,800,000)
2017	($32,800,000)
2018	($32,800,000)
2019	($32,800,000)
2020	($32,800,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *General Revenue Fund* 1
2016	($32,800,000)
2017	($32,800,000)
2018	($32,800,000)
2019	($32,800,000)
2020	($32,800,000)

Fiscal Analysis

The bill would amend the Insurance Code relating to certain penalties paid to the Texas Health Insurance Risk Pool (Pool). The bill eliminates provisions in Section 843.342 (m) and Section 1301.137 (l) of the Insurance Code, which direct 50 percent of institutional prompt pay penalties to the Pool. Penalties from non-institutional providers would still be paid to the Pool.

The bill takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, the bill takes effect on September 1, 2015.

Methodology

Under currently law, fees collected through Sections 843.342 (m) and 1301.137 (l) of the Insurance Code are collected by the Pool and transferred to the credit of the General Revenue Fund. Based on information provided by the Texas Department of Insurance (TDI) and the Comptroller of Public Accounts, the bill would reduce the portion of prompt payment penalties from institutional providers that are currently deposited to the credit of General Revenue.

This analysis assumes that approximately 96 percent of prompt payment penalties currently collected are attributable to institutional providers and that an equal percentage of penalty revenue would no longer be collected and deposited to the credit of General Revenue each year. Based on current collections, this amount is estimated to be approximately $32.8 million per year.

Based on information provided by TDI, it is further assumed that all duties and responsibilities necessary to implement the provisions of the bill could be accomplished utilizing existing staff and resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance

LBB Staff: UP, AG, NV, ER