

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 28, 2019

TO: Honorable Eddie Lucio III, Chair, House Committee on Insurance

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB3325 by Oliverson (Relating to the administration of a temporary health insurance risk pool.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3325, As Introduced: an impact of \$0 through the biennium ending August 31, 2021.

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
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>Healthy TX Sm Emp Prem Stabil. Fund</i> 329	Probable Revenue Gain from <i>Dept Ins Operating</i> <i>Acct</i> 36	Probable (Cost) from <i>Dept Ins Operating</i> <i>Acct</i> 36	Change in Number of State Employees from FY 2017
2020	(\$13,111,142)	\$1,111,142	(\$1,111,142)	10.5
2021	(\$30,288,343)	\$1,235,819	(\$1,235,819)	12.0
2022	\$0	\$0	\$0	0.0
2023	\$0	\$0	\$0	0.0
2024	\$0	\$0	\$0	0.0

Fiscal Analysis

The bill would amend Chapter 1510 of the Insurance Code for the continuation of the temporary

health insurance risk pool until August 31, 2021.

The bill would authorize the health insurance risk pool to provide a temporary mechanism for maximizing available federal funding to assist residents of this state in obtaining access to quality health care. Chapter 1510 would allow the Commissioner of Insurance of the Texas Department of Insurance (TDI) to use pool funds to provide health insurance coverage, provide funding to insurers for lower enrollee premium rates, or provide a reinsurance program for insurers in exchange for lower enrollee premium rates.

Chapter 1510 would allow the use of funds appropriated to TDI from the Premium Stabilization Fund to provide health insurance and lower premium rates; and allow the transfer of funds from the Premium Stabilization Fund to TDI's Operating Fund 36 to cover the appropriations for direct and indirect costs for the administration of the program. Chapter 1510 would allow the use of funds to develop and implement public education, outreach, and facilitated enrollment strategies.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to the House and Senate or otherwise on September 1, 2019.

Methodology

The bill would establish a temporary health insurance risk pool to provide individual health insurance coverage and lower health plan premium rates in the event that federal funds become available for this purpose. Based on the provisions of the chapter, the Premium Stabilization Fund (Other Funds) would be used to implement the health insurance risk pool and fund any costs associated with administering the program. There would be a net impact of \$0 for General Revenue Related Funds in the 2020-21 biennium.

Based on information provided by TDI, the agency estimates a direct and indirect cost of \$1,111,142 in fiscal year 2020 and \$1,235,819 in fiscal year 2021 from GR-D Fund 36 as well as the need for an additional 10.5 full-time-equivalent (FTE) positions in fiscal year 2020 and 12.0 FTEs in fiscal year 2021 to administer the program. Based on the provisions of the chapter, the total direct and indirect costs for the biennium would be transferred from the Premium Stabilization Fund to TDI's Operating Fund 36. It is estimated that these positions would require \$1,711,062 in salaries, \$25,666 in payroll contribution costs, and \$572,008 in related support and benefit costs for the biennium. Additional program costs for the biennium include \$24,725 for other related operating expenses and \$13,500 for computers and related software.

The agency estimates a cost of \$11,000,000 in fiscal year 2020 and \$27,552,524 in fiscal year 2021 from the Premium Stabilization Fund to provide health insurance coverage, lower health plan premium rates, and establish contracts with third-party plan administrators and reinsurance programs. Additional program costs for the biennium from Premium Stabilization Funds include \$2,000,000 for an actuarial contract and \$500,000 for public education and outreach.

Technology

TDI estimates a cost of \$13,500 for the biennium related to computers and software for the anticipated FTEs needed to implement the provisions of the chapter.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: WP, CMa, SGr, CP, CLo