

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 22, 2021

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB874 by Hancock (Relating to the reporting and expiration dates of a temporary health insurance risk pool administered by the commissioner of insurance.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB874, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable (Cost) from Healthy TX Sm Emp Prem Stabil. Fund 329	Probable Revenue Gain from Dept Ins Operating Acct 36	Probable (Cost) from Dept Ins Operating Acct 36	Change in Number of State Employees from FY 2021
2022	(\$13,103,805)	\$1,103,805	(\$1,103,805)	10.5
2023	(\$30,280,109)	\$1,227,585	(\$1,227,585)	12.0
2024	\$0	\$0	\$0	0.0
2025	\$0	\$0	\$0	0.0
2026	\$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, 2023.

The bill would authorize the health insurance risk pool to provide a temporary mechanism to assist residents of the 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.

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 2022-23 biennium.

Based on information provided by TDI, the agency estimates a direct and indirect cost of \$1,103,805 in fiscal year 2022 and \$1,227,585 in fiscal year 2023 from GR-D Fund 36 as well as the need for an additional 10.5 full-time-equivalent (FTE) positions in fiscal year 2022 and 12.0 FTEs in fiscal year 2023 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.

The agency estimates a cost of \$12,000,000 in fiscal year 2022 and \$29,052,524 in fiscal year 2023 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.

Technology

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

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: JMc, SZ, MB, MPUK