

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 11, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1296 by Johnson (Relating to the authority of the commissioner of insurance to review and disapprove rates and rate changes for certain health benefit plans.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1296, 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 Savings/(Cost) from Dept Ins Operating Acct 36	Probable Revenue Gain/(Loss) from Dept Ins Operating Acct 36
2022	(\$116,234)	\$116,234
2023	(\$114,734)	\$114,734
2024	(\$114,734)	\$114,734
2025	(\$114,734)	\$114,734
2026	(\$114,734)	\$114,734

Fiscal Analysis

The bill would amend the Insurance Code relating to the authority of the commissioner of insurance to review and disapprove rates and rate changes for certain health benefit plans. The applicability of the chapter includes association plan rates and requires a process to review rates for compliance and disapprove noncompliant rates.

Methodology

Based on information provided by the Texas Department of Insurance (TDI), review of rates for association

plans will increase the number of rate filings processed. The agency estimates that the bill would generate 250 new rate filings per year, with an average review time of 8 hours. The bill would result in a cost of \$0.1 million in General Revenue-Dedicated Fund 36 per fiscal year and 1.0 FTEs, for an actuary at TDI.

Due to the self-leveling nature of the TDI operating account, any additional appropriations made from the account would be considered in the annual adjustment of the maintenance tax rates. Therefore, the overall revenue into the TDI operating account will be equal to the expenses and no net change in fund balance would occur because of this bill.

Technology

There is no anticipated technology impact as a result of implementing this bill.

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