Fiscal Note 2015 Biennium

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Bill #	HB0087	**Title:**	Provide state insurance commissioner with health insurance rate review authority
Primary Sponsor:	Welborn, Jeffrey W	**Status:**	As Introduced

- ☐ Significant Local Gov Impact
- ☑ Needs to be included in HB 2
- ☐ Technical Concerns
- ☐ Included in the Executive Budget
- ☐ Significant Long-Term Impacts
- ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2014 Difference	FY 2015 Difference	FY 2016 Difference	FY 2017 Difference
Expenditures:				
General Fund	$0	$0	$0	$0
State Special Revenue	$204,000	$204,000	$207,060	$210,165
Revenue:				
General Fund	$0	$0	$0	$0
State Special Revenue	$0	$0	$0	$0
Net Impact-General Fund Balance:	$0	$0	$0	$0

Description of fiscal impact: HB 87 requires the State Auditor's Office (SAO) to review rate filings for each health insurance insurer that issues, delivers, or renews any health plan in the individual or small employer group. The SAO will need to contract with actuaries to perform the duties prescribed in HB 87.

FISCAL ANALYSIS

Assumptions:

1. The bill authorizes rate review by the Commissioner of Insurance for individual and small group coverage.
2. The rate review will be contracted out to actuaries.
3. There will be seven individual carriers and ten small groups.
4. Twenty hours of review will be required per filing, with a minimum of 34 filings. (34 filings X 20 hours/filing= 680 hours)
5. The average hourly rate to contract with an actuary is $300 per hour, for a total fiscal impact of $204,000 annually. (680 hours X $300/hr)
6. A 1.5% inflation factor is applied to costs in FY 2016 and FY 2017.

7. HB 87 does not generate any additional revenue.

	FY 2014 Difference	FY 2015 Difference	FY 2016 Difference	FY 2017 Difference
Fiscal Impact:				
Expenditures:				
Personal Services	$0	$0	$0	$0
Operating Expenses	$204,000	$204,000	$207,060	$210,165
Equipment	$0	$0	$0	$0
TOTAL Expenditures	$204,000	$204,000	$207,060	$210,165
Funding of Expenditures:				
General Fund (01)	$0	$0	$0	$0
State Special Revenue (02)	$204,000	$204,000	$207,060	$210,165
TOTAL Funding of Exp.	$204,000	$204,000	$207,060	$210,165
Revenues:				
General Fund (01)	$0	$0	$0	$0
State Special Revenue (02)	$0	$0	$0	$0
TOTAL Revenues	$0	$0	$0	$0
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	$0	$0	$0	$0
State Special Revenue (02)	($204,000)	($204,000)	($207,060)	($210,165)
Federal Special Revenue (03)	$0	$0	$0	$0

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*