

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1742-03
Bill No.: Truly Agreed To and Finally Passed SCS for HCS for HB 709
Subject: Insurance - General; Department of Insurance
Type: Original
Date: June 1, 2015

Bill Summary: This act modifies provisions relating to entities regulated by the Department of Insurance, Financial Institutions and Professional Registration.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Insurance Dedicated	\$0 or (\$146,108)	\$0 or (\$162,694)	\$0 or (\$164,359)
Total Estimated Net Effect on Other State Funds	\$0 or (\$146,108)	\$0 or (\$162,694)	\$0 or (\$164,359)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Insurance Dedicated	0 or 2	0 or 2	0 or 2
Total Estimated Net Effect on FTE	0 or 2	0 or 2	0 or 2

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 195.070 - 334.717:

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume the provisions of this proposal can be handled within current appropriations. However, should the extent of the work be more than anticipated, some boards may require an additional FTE and expenses, which would be requested through the appropriation process.

Sections 374.015 - 376.791:

Officials from the **DIFP** assume that 2 FTEs (1 Attorney and 1 Paralegal) would be sufficient to cover the additional legal work in this proposal. However, should the volume of request for no-action letters be more than anticipated, the department will request an additional FTE (1 Attorney) through the budget process. Currently the state has 264 insurance groups with premiums greater than \$2,000,000. A fair estimate is that 1 in 2 insurance groups will request a no-action letter in a given year. This would translate to about 132 requests per year.

Oversight assumes that because this proposal is discretionary DIFP would only take action if the required funds were appropriated through the budget process.

For fiscal note purposes, **Oversight** will show a zero or the full cost of the additional FTE associated with the proposal, as estimated by DIFP.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
INSURANCE DEDICATED FUND			
<u>Costs - DIFP</u>			
Salaries	\$0 or (\$87,500)	\$0 or (\$106,050)	\$0 or (\$107,111)
Fringe Benefits	\$0 or (\$44,629)	\$0 or (\$54,091)	\$0 or (\$54,632)
Equipment and Expenses	<u>\$0 or (\$13,979)</u>	<u>\$0 or (\$2,553)</u>	<u>\$0 or (\$2,616)</u>
<u>Total Costs - DIFP</u>	<u>\$0 or (\$146,108)</u>	<u>\$0 or (\$162,694)</u>	<u>\$0 or (\$164,359)</u>
FTE Change - DIFP	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$0 or (\$146,108)</u>	<u>\$0 or (\$162,694)</u>	<u>\$0 or (\$164,359)</u>
Estimated Net FTE Change on the Insurance Dedicated Fund	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal allows certain advanced practice registered nurses, physician assistants, and assistant physicians to prescribe Schedule II - hydrocodone. Hydrocodone prescriptions are limited to a one five day supply without refill.

This proposal allows the Department of Insurance to issue non-binding informational documents to insurers. The Department may issue informal bulletins for the purpose educating the insurance industry and the general public about a regulatory topic or issue. The Department may also issue a no-action letter stating the intention of the Department to not take enforcement actions to a particular insurer based on a specific set of facts presented by the insurer under applicable law as of the date of the issuance of the letter. So long as there is no change in any material fact or law or a discovery of a material misrepresentation or omission made by the insurer, the Department is stopped from bringing any enforcement action against an insurer who has been issued a no-action letter concerning the conduct that is the subject of the no-action letter.

This proposal exempts individual health coverage from two subdivisions of section 376.777 relating to required policy statements relating to coordination of benefits and requires the Director of the Department of Insurance to promulgate rules to effectuate the new section.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration



Mickey Wilson, CPA
Director
June 1, 2015

Ross Strobe
Assistant Director
June 1, 2015