

# FISCAL NOTE

Requested by Legislative Council  
02/06/2001

**REVISION**

Bill/Resolution No.: HB 1407

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	(\$305,000)	\$0	(\$55,000)	\$0
<b>Expenditures</b>	\$0	\$0	\$0	\$305,000	\$0	\$55,000
<b>Appropriations</b>	\$0	\$0	\$0	\$305,000	\$0	\$55,000

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Both sections of HB 1407 will impact the Insurance Regulatory Trust Fund.

Section 1 provides that the Insurance Department shall study the impact of mandating health insurance coverage before the mandate becomes law. Each proposed mandate will require a separate study. The final impact to the general fund will depend on the number of mandates proposed. It is difficult to predict the number of benefits that will be proposed each session. Assuming at least two mandates per session, the cost of a study is estimated to be between \$10,000 and \$100,00 with the midpoint being \$55,000. A study will require the service of a consulting actuary. At present, consulting actuaries charge up to \$350 per hour. A study would require a minimum of 30 hours, but perhaps as many as 300 hours to address all of the issues set forth in Section 1.

Section 2: It is estimated that the study required by Section 2 may cost roughly \$250,000 because of the large number of mandates and the wide variety of mandates that are to be included in the study and the large number of hours that will be necessary to complete the study. The Insurance Department anticipates that it will have an outside consulting actuary

perform the study. The estimate is based on a recent study of mandated benefits performed for the Texas Insurance Department. The study involved 13 benefits and cost \$225,000.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

In accordance with N.D. Cent. Code Section 26.1-01-07.1, any amount in excess of \$1,000,000 in the Insurance Regulatory Trust Fund at the end of each fiscal year must be transferred to the General Fund. Therefore, these additional expenditures of \$305,000 and \$55,000 for the 2001-2003 and 2003-2005 bienniums, respectively, will have a negative effect on the revenue side of the General Fund.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

\$305,000 for the 2001-2003 biennium, and \$55,000 for each biennium thereafter from the Insurance Regulatory Trust Fund.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Insurance Regulatory Trust Fund - 2001-2003 biennium budget. See answer to No. 1.

Expense - \$305,000

No FTEs. Studies will be contracted with outside consultants.

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**Agency:** Insurance Department  
**Date** 02/16/2001  
**Prepared:**