

FISCAL NOTE
Requested by Legislative Council
02/11/2011

Amendment to: HB 1418

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill provides standards that insurers would have to abide by when they audit the claims that pharmacies send to them. The bill places the responsibility to enforce these standards on the Insurance Commissioner.

The amendments remove this responsibility.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

To carry out Section 5 of the act the Department would need to hire a full-time attorney and a full-time investigator.

The amendments to the bill remove the responsibility of enforcing the audit standards of the bill from the Insurance Commissioner. After this requirement is removed, this bill will have no fiscal impact on the Department.

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.*

This bill will not affect revenues unless a penalty is assessed by the Commissioner for violation of the act. Penalties up to \$10,000 may be assessed.

The amended bill will have no impact on revenues.

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.*

This bill will increase expenditures. The Department would need to hire a full-time attorney and a full-time investigator to carry out this act. The Department estimates \$341,797 would be needed for salary and fringe benefits as well as \$271,550 for operating expenses.

These expenses would be funded out of the Insurance Regulatory Trust Fund.

The amended bill will have no impact on expenditures.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

This bill would require an increase in appropriations. The Department would need two new FTEs with an appropriation of \$341,797 for salary and fringe benefits and \$271,550 for operating expenses. The total additional appropriation needed is \$613,347.

The amended bill will have no impact on appropriations.

Name:	Larry Martin	Agency:	Insurance Department
Phone Number:	701-328-2930	Date Prepared:	02/11/2011