

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$64,455	\$64,455	\$63,434	\$63,434
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$64,455	\$64,455	\$63,434	\$63,434

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 568 requires the licensure of insurance navigators by the Department of Insurance (DOI). Persons applying for a navigator’s license must complete training prescribed by DOI, pass a written examination and complete a criminal history record check. A license fee is to be established by DOI. The license is valid for two years. Continuing education as prescribed by DOI will be required for renewal of licenses. Entities acting as navigators, supervising individual navigators or receiving funding for such activities are required to obtain a navigator entity license. DOI may place licensees on probation, suspend, revoke, or refuse to issue, renew or reinstate navigator licenses or may levy a fine of up to \$5,000 for a violation of the act. The requirements of the Unfair Insurance Trade Practices Act apply to navigators.

The number of navigators licensed pursuant to the bill is unknown. This will make it hard for DOI to set an initial license fee. The department intends to establish a licensing fee which will offset the cost of regulating navigators and navigator entities. DOI projects a need for an additional complaint investigator in the consumer affairs division of the department to respond to complaints against licensees. The estimated cost for an additional employee is \$64,455 of cash funds in FY14 and \$63,434 of cash funds in FY15.

The department indicates that testing of applicants for navigator licenses and continuing education for navigators will be provided by vendors rather than the department as is the case with other insurance licensees. The cost of these activities will be borne by the individual licensee.

Any fines administered pursuant to the bill for violations by navigators will accrue to the Permanent School Fund. The interest from the fund is distributed annually to public schools.

Please complete ALL (5) blanks in the first three lines.

**2013**

**LB<sup>(1)</sup> 568 FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) Nebraska Department of Insurance

Prepared by: (3) Eric Dunning Date Prepared: (4) 2-15-13 Phone: (5) 402-471-4650

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	64,455	64,455	63,434	63,434
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>64,455</b>	<b>64,455</b>	<b>63,434</b>	<b>63,434</b>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 568 creates fiscal impact to the Department, for both expenditures and revenues. The bill requires the Department to license Navigators and similar functions related to the operation of the federal health insurance exchange created by the federal Affordable Care Act. The Department would be given the authority to impose a licensing fee, which it would use to offset the cost of regulation of licensees once a license has been granted. The Department anticipates a fee set to capture the expenditures under the bill. The Department believes that investigating complaints made against such licensees will require one position in its' Consumer Affairs Division.

The Department anticipates that testing and record keeping would be performed largely by third party vendors, who are paid directly by the licensee as is currently the case with insurance producer licenses.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Consumer Claims Affairs Investigator II	1	1	42,470	43,320
Benefits.....			18,985	19,114
Operating.....			3,000	1,000
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>64,455</b>	<b>63,434</b>