

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$2,600		\$2,600
CASH FUNDS		\$650		\$650
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$3,250		\$3,250

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

LB 550 eliminates provisions requiring an independent actuary to determine the standard risk rate for the Comprehensive Health Insurance Pool (CHIP).

The Department of Insurance indicates the Comprehensive Health Insurance Pool expended \$6,500 in FY2016-17 for an independent actuary. A reduction in expenditures for CHIP will increase revenue for entities which receive the remainder of the funds in the pool after administrative costs are paid.

If the administrator of CHIP opts to eliminate the use of an independent actuary as allowed by the bill, the \$6,500 of savings will be allocated as follows in FY18 and FY19: 40% to the General Fund (\$2,600); 10% to the Mutual Finance Assistance Fund (\$650) and 50% to the Insurance Tax Fund (\$3,250). Thirty percent of the Insurance Tax Fund is distributed to cities (\$975); ten percent to counties (\$325); and, sixty percent to schools (\$1,950).

ADMINSTRATAIVE SERVICE STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE	
LB: 550 AM:	AGENCY/POLT. SUB: Department of Insurance
REVIEWED BY: Gary Bush	DATE: 2/23/17 PHONE: (402) 471-4161
COMMENTS: No basis to disagree with agency's estimate of the impact of the bill.	

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

2017

LB⁽¹⁾ 550

FISCAL NOTE

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

Prepared by: ⁽³⁾ Robert M. Bell Date Prepared: ⁽⁴⁾ 3/1/2017 Phone: ⁽⁵⁾ (402) 471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Legislative Bill 550 would eliminate the requirement that the Comprehensive Health Insurance Pool utilize an independent actuary to determine the standard risk rate utilized by the Pool to establish rates. Last year, the Pool spent \$6,500 on the actuarial study. A small number of individuals still obtain coverage with the Pool. LB 550 does not prevent the pool from utilizing an independent actuary if needed to establish rates for the Pool.

The Pool utilizes the Comprehensive Health Insurance Pool Distributive Fund for expenses. If the Pool determines not to utilize an actuary, additional revenue would be available for reallocation from the Fund. After Pool expenses, the remaining funds are distributed in the following manner, 40% to the General Fund and 10% to the Mutual Assistance Fund. The other 50% of the funds are allocated to the Insurance Tax Fund for distribution to cities (30%), counties (10%), and schools (60%).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____