

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$297,750		\$216,770	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$297,750		\$216,770	

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

LB 801 requires the Director of the Department of Insurance (DOI) to develop educational and informational material relating to the importance of long-term care insurance. The material is to be disseminated to target audiences including individuals over age 35 and employers in the state. The DOI is required to submit a report regarding rates and premiums paid for long-term care insurance to the Legislature by July 1 of each even-numbered year beginning in 2018.

The DOI projects the need for 3.0 FTE (Market Conduct Supervisor, Marketing Analyst, Staff Assistant) to implement the bill. The department also estimates that \$500,000 will be needed to produce and disseminate educational materials. An additional \$150,000 is estimated for contractual costs to develop materials. DOI estimates a total of \$995,000 will be needed in FY17 and \$968,000 will be needed in FY18 to implement the bill.

This fiscal note assumes two FTE will be hired to implement the bill at an estimated cost of \$162,750 of cash funds in FY17 and \$166,770 of cash funds in FY18 for salaries, benefits and related operating and travel expenses of a Marketing Analyst and Staff Assistant. It is assumed there will be one-time expenses of \$15,000 for capital outlay in the initial year. It is also assumed \$120,000 will be expended to contract for the development of materials and pay for printing in FY17. Printing costs in subsequent years are estimated to be \$50,000. So, total expenses to implement the bill are estimated to be \$297,750 in FY17 and \$216,770 in FY18 and thereafter.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 801	AM:	AGENCY/POLT. SUB: Department of Insurance	
REVIEWED BY: Robin Kilgore		DATE: 2-4-16	PHONE: 471-4180
COMMENTS: No basis to disagree with agency estimate of fiscal impact.			

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

2016

LB⁽¹⁾ 801

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Insurance

Prepared by: ⁽³⁾ Robert M. Bell

Date Prepared: ⁽⁴⁾ _____

Phone: ⁽⁵⁾ (402) 471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>995,374</u>	_____	<u>968,199</u>	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>995,374</u>	_____	<u>968,199</u>	_____

Explanation of Estimate:

Legislative Bill 801 would require the Department of Insurance to fulfill three new duties. The Department is to develop education and informational material relating to the importance of long-term care insurance, disseminate such information to targeted audiences including individuals over age thirty-five and employers, and collect and submit to the Legislature various enumerated data regarding long-term care insurance.

Because these new duties are similar to the duties of the Senior Health Insurance Information (SHIIP), the Department used that SHIIP's budget as a comparison. SHIIP also does individual consultation with consumers not required by LB 801, so the budget will be smaller.

The Department estimates the addition of three new employees, a position similar to a Market Conduct Supervisor, a Marketing Analyst II, and a Staff Assistant. In addition to the costs associated with these positions, the Department estimates \$500,000 in the production and dissemination of educational services and materials, \$150,000 in contracting costs, and \$30,000 in construction costs to make space for the new employees.

Assuming the appropriation will be made from the Department of Insurance Cash Fund, such an appropriation without additional revenue may impact the long-term sustainability of the fund.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Market Conduct Supervisor	<u>1.0</u>	<u>1.0</u>	<u>79,000</u>	<u>80,778</u>
Marketing Analyst II	<u>1.0</u>	<u>1.0</u>	<u>57,000</u>	<u>58,283</u>
Staff Assistant II	<u>1.0</u>	<u>1.0</u>	<u>49,000</u>	<u>50,103</u>
Benefits.....			<u>64,750</u>	<u>66,207</u>
Operating.....			<u>662,474</u>	<u>662,828</u>
Travel.....			<u>50,000</u>	<u>50,000</u>
Capital outlay.....			<u>33,150</u>	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			<u>995,374</u>	<u>968,199</u>