

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: February 14, 2017

Agency Submitting: Business and Industry, Division of Insurance

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
Expense (Expense)		\$72,329	\$92,061	\$184,122
Total	0	\$72,329	\$92,061	\$184,122

Explanation

(Use Additional Sheets of Attachments, if required)

Please see attached exhibits detailing the fiscal impact on the Department of Business and Industry, Division of Insurance.

Name Laurie Squartsoff

Title Deputy Commissioner

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Wednesday, February 01, 2017

The agency's response appears reasonable.

Name Laura Freed

Title Exec. Branch Budget Officer

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: BDR 57-284

Name of Agency: Division of Insurance

Division/Department: Division of Insurance/Dept. of Business & Industry

Date: January 30, 2017

The agency has reviewed the bill and as it is currently written, the DOI would be fiscally impacted.

Our staff has the capability to design and require the reporting of the data required by the Bill and to accommodate the receipt and compilation in an automated manner which would keep costs at a minimum. The system that the Division of Insurance ("DOI") uses, the System for Electronic Forms Filing ("SERFF"), could potentially be used to electronically receive these reports, assuming that the state could get authorization for non-insurance entities to use this system. SERFF was created specifically for insurance carrier filings. If SERFF cannot be used by the pharmaceutical companies, then the DOI would have to purchase the rights to a secure data transfer service to allow submission of large data files containing confidential information. While this could be done, it would still require DOI staff time to gather and convert the data into the final report format. This could be done with current staff resources but we would expect that there may be costs associated with the need to purchase the rights to a secure data transfer service to allow submission of large data files containing confidential information.

In the Bill, the DOI is directed to create an advisory group consisting of representatives of the pharmaceutical industry, health insurance plans, pharmacy benefit managers, relevant governmental agencies and advocates for consumers and physicians to develop the reporting form. This reporting form would be submitted annually by up to several hundred pharmaceutical firms and would include a substantial amount of numeric and narrative information for, in aggregate, hundreds of drugs with a cost for a course of treatment in excess of \$10,000.

Through this advisory group, the DOI should be able to determine in advance what information would be proprietary. Upon completion of the report, the DOI can review the information to ensure no proprietary information is improperly disclosed. Our Legal unit can provide assistance to determine whether any information should not be disclosed, and can review the report to ensure no proprietary information is inadvertently disclosed.

The concerning fiscal impact from the Bill as written is that the DOI has no current staff that would be qualified to perform the review of a potential competitive harm to the pharmaceutical manufacturer for a filed report that is made public. So, if the advisory group provides no determinations, the DOI would have to hire an expert to provide this determination and oversight.

BAV Line Items

Date: 1/30/17 2:24 PM

Budget Period: 2017-2019 Biennium (FY18-19)

Budget Account: 3813 B&I - INSURANCE REGULATION

Version: W30 57-284

Department: 74 DEPARTMENT OF BUSINESS AND INDUSTRY

Division: 741 B&I - INSURANCE DIVISION

Function: 025 COMMERCE & INDUSTRY

Sub-Function: 035 DEPT OF BUSINESS & INDUSTRY

Fund: 504 INSURANCE ADMINISTRATION AND ENFORCEMENT FUND

Assigned Analyst: copeland

DU	Catg	GL	Description	Year 1	Year 2	Schedule
E225	01	5100	SALARIES	42,047	57,862	PAYROLL
E225	01	5200	WORKERS COMPENSATION	996	877	PAYROLL
E225	01	5300	RETIREMENT	11,773	16,201	PAYROLL
E225	01	5400	PERSONNEL ASSESSMENT	251	260	PAYROLL
E225	01	5500	GROUP INSURANCE	6,687	8,891	PAYROLL
E225	01	5700	PAYROLL ASSESSMENT	85	83	PAYROLL
E225	01	5750	RETIRED EMPLOYEES GROUP INSURANCE	1,118	1,475	PAYROLL
E225	01	5800	UNEMPLOYMENT COMPENSATION	52	84	PAYROLL
E225	01	5840	MEDICARE	609	839	PAYROLL
E225	04	7020	OPERATING SUPPLIES	120	60 - None -	
E225	04	7050	EMPLOYEE BOND INSURANCE	2	2	PAYROLL
E225	04	7054	AG TORT CLAIM ASSESSMENT	99	97	PAYROLL
E225	04	705A	NON B&G - PROP. & CONT. INSURANCE	3	3	BUILDING RENT NON- BUILDINGS AND GROUNDS
E225	04	7110	NON-STATE OWNED OFFICE RENT	4,545	4,545	BUILDING RENT NON- BUILDINGS AND GROUNDS
E225	04	7255	B & G LEASE ASSESSMENT	53	62	BUILDING RENT NON- BUILDINGS AND GROUNDS
E225	04	7292	EITS 18-19 ELIM (OLD EITS VOICEMAIL)	43	43	EITS
E225	04	7295	EITS 18-19 ELIM (OLD EITS STATE PHONE LINE)	161	161	EITS
E225	04	7460	EQUIPMENT PURCHASES < \$1,000	90	0	EQUIPMENT
E225	04	8371	COMPUTER HARDWARE <\$5,000 - A	24	0	EQUIPMENT
E225	05	8241	NEW FURNISHINGS <\$5,000 - A	1,129	0	EQUIPMENT
E225	26	7533	EITS EMAIL SERVICE	175	175	EITS
E225	26	7554	EITS INFRASTRUCTURE ASSESSMENT	196	212	PAYROLL
E225	26	7556	EITS SECURITY ASSESSMENT	94	129	PAYROLL
E225	26	7771	COMPUTER SOFTWARE <\$5,000 - A	527	0	EQUIPMENT
E225	26	8371	COMPUTER HARDWARE <\$5,000 - A	1,450	0	EQUIPMENT
				\$ 72,329	\$ 92,061	